

**ENHANCED – USE LEASE**

**of Certain Real Property and Facilities  
at the VA Greater Los Angeles Healthcare System  
West LA Campus – Building 205  
Los Angeles, California**

**DATED: December 2, 2019**

**Enhanced-Use Lease**  
**of Certain Real Property and Facilities**  
**at the VA Greater Los Angeles Healthcare System**  
**West LA Campus**  
**Los Angeles, California**

**PREAMBLE**

This **Enhanced-Use Lease** (herein referred to as the “Lease”), is made and entered into on this 2<sup>nd</sup> day of December, 2019, by and between the Secretary of the Veterans Affairs, an officer of the United States on behalf of the Department of Veterans Affairs (hereinafter “Department” or “VA”), and Building 205 Holdings, LLC, a California limited liability company (hereinafter “Lessee”, and, collectively with the Department, referred to as the “Parties”) for the portion of land legally described in Exhibit “A”.

**RECITALS**

**A. WHEREAS**, the Department has jurisdiction and control of certain real property and facilities known as the VA Greater Los Angeles Healthcare System, West LA Campus, Los Angeles, California (hereinafter “VAMC”) that provides health care services to the nation’s Veterans. The VAMC property subject to this Lease is located at 11301 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles, California, and consists of Building 205 on approximately two (2) acres of land and improvements, as further described and depicted in Exhibits “A” and “B,” respectively; and

**B. WHEREAS**, 38 U.S.C. Section 8161, et seq., “Enhanced-Use Leases of Real Property”, as amended by the West Los Angeles Leasing Act of 2016, permits the Department to enter into long-term leases of certain property under its jurisdiction and control; and

**C. WHEREAS**, in accordance with the terms and conditions herein, VA desires to lease the Real Property to Lessee and Lessee desires to lease the same from VA, so Lessee can finance, design, develop, renovate, construct, operate, and maintain affordable residential housing consisting of not less than sixty-eight (68) units and associated vehicular parking spaces (collectively, the “Facility”), all for the purpose of providing supportive housing to eligible Veterans and their families.

**D. WHEREAS**, a long-term use of the Property through an Enhanced-Use Lease, as authorized by the provisions of 38 U.S.C. Section 8161, et seq., and as amended by the West Los Angeles Leasing Act of 2016, by Lessee would result in the availability of affordable supportive housing, and would permit more VA resources to be directed toward direct Veteran care; and

**E. WHEREAS**, the Department and Lessee agree that during the Term, the Facility shall be considered a non-VA, privately-owned and operated residential facility subject to applicable Federal, State, and local laws, codes, ordinances, regulations, and permitting requirements of the City of Los Angeles and other entities with jurisdiction over the Facility, and at the Facility, eligible Veterans shall receive priority placement into the Facility and any services and programs



offered therein, and Veteran eligibility and such priority placement shall be contained in the "Tenant Selection Plan" (attached as Exhibit "F").

**NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING AND OTHER GOOD AND VALUABLE CONSIDERATION, RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED AND ACCEPTED, IT IS HEREBY AGREED THAT** subject to the terms and conditions herein, the Department grants to Lessee and Lessee accepts a seventy-five (75) year term of this Lease on the terms set forth herein.

## **ARTICLE 1 – EXHIBITS AND DEFINITIONS**

**Exhibits:** The following constitute the Exhibits to this Lease. Each of the Exhibits is attached to this Lease and is incorporated by this reference:

- A. Exhibit "A": Legal Description of the Real Property
- B. Exhibit "B": Site Plan
- C. Exhibit "C": Design Plan
- D. Exhibit "D": Development Plan
- E. Exhibit "E": Operations and Maintenance Plan
- F. Exhibit "F": Tenant Selection Plan
- G. Exhibit "G": Memorandum of Lease
- H. Exhibit "H": California Tax Credit Allocation Committee (CTCAC) – Lease Rider

**Definitions:** The following constitute the definitions to this Lease:

"Certificate of Substantial Completion": means the certificate defined in Article 6.B.14 of this Lease.

"Code": means the Internal Revenue Code of 1986 (26 U.S.C. § 1, et seq.), as amended.

"Congress": means the Congress of the United States of America.

"Commencement of Construction": means that date that Lessee, its construction contractor, any subcontractor, or builder associated with the Project commences any reasonable act (i.e., groundbreaking, erection, etc.) on the Property aimed at, or which effectively establishes, builds, erects, constructs, raises, develops, or furthers any portion of the Project's development, including any portion of the Project's subsurface region(s).

"Department": means the United States Department of Veterans Affairs.

“Designated VA Representative” or “DVR”: means the individual of the Department who: (a) is designated by the Secretary to act on matters of Lease administration but (b) is not designated to execute amendments or modifications to the Lease or its exhibits unless the individual has or acquires such authority through a written “Delegation of Authority” from the Secretary.

“Effective Date”: means the date this Lease is executed by the Parties; provided that, if the Parties execute this Lease on different days, the Effective Date shall mean the later day that this Lease is executed.

“Facility”: means (a) the Facility described in the Recitals section above, which Lessee will finance, design, develop, construct, renovate, operate, and maintain in accordance with this Lease; and (b) all associated structures, improvements, utilities, fixtures, infrastructure, and any other Improvements located on the Property.

“Force Majeure”: means any of the following that directly cause any of Lessee’s obligations hereunder not to be performed in a timely manner: (a) an earthquake, hurricane, tornado, flood, or other similar act of God; (b) fire; (c) strikes or similar labor disputes provided such strike or similar dispute is beyond Lessee’s control; (d) acts of the public enemy; (e) inability to obtain labor or materials or clear access to the Project by reason of acts or omissions of any governmental body not caused by Lessee’s actions or omissions; (f) rebellions, riots, terrorist attacks, insurrections or civil unrest; (g) unusually severe weather conditions that actually cause similar construction or development activities in the area of the Project to be suspended; (h) discovery, remediation, and abatement of any unknown environmental hazard or unknown hazardous substance (i.e., a hazardous substance, covered by any environmental law or regulation, whose existence on the Property is unknown to Lessee by the Effective Date) which is affecting the Property; (i) discovery of any ancient, historical, archeological, architectural, or cultural artifacts, relics, or remains on the Property; and (j) any act or omission of a governmental body other than VA not caused by Lessor’s or Lessee’s actions or omissions.

“Hazardous Substances”: means those substances as defined in Article 34 of this Lease.

“Improvements”: means any existing physical structures or additions in, on, or under the Real Property, and any development, construction, operation, and maintenance activities made on or to the Real Property or Facility by Lessee, which the Lessee will accomplish in accordance with this Lease, particularly Article 10.

“Initial Financing”: means all capital financing sources as identified in the Development Plan (Exhibit “D”).

“Lease”: means this Enhanced-Use Lease (“EUL”) between the Department and Lessee.

“Leasehold Mortgage”: means each mortgage as defined in Article 20.B.2 of this Lease.

“Leasehold Mortgage Loan Documents”: means the loan documents executed in connection with any Leasehold Mortgage.

“Leasehold Mortgagee”: means each leasehold mortgagee as defined in Article 20.B.2 of this Lease.

“Lease-Up Date:” means the date on which the Facility is occupied by its first tenant/occupant.

“Lessee”: means Building 205 Holdings, LLC, a California limited liability company.

“Project”: means the financing, design, development, construction, renovation, operation and maintenance of the Facility on the Property in accordance with this Lease.

“Property”: means the following interests created hereunder: (i) a leasehold interest in that certain real property of approximately two (2) acres, as described in Exhibit “A” (the “Real Property”), and (ii) ownership of Building 205 situated on the Real Property and as depicted in Exhibit “B”, and any and all of the structures, improvements, utilities, fixtures, infrastructure, and any other Improvements that are located, constructed, erected or placed thereon, each during the Term.

“Qualified Party”: means any Person whereby (a) neither such Person nor any of its partners, members, or principal stockholders is debarred or suspended from doing business with the Department or any other Federal government agency, (b) neither such Person nor any of its partners, members, or principal stockholders is listed on any non-procurement or reciprocal lists on the most current “System for Award Management” published by the United States General Services Administration at [www.sam.gov](http://www.sam.gov), as updated from time to time, or any replacement thereof, (c) neither such Person nor any of its partners, members, or principal stockholders is a person who poses a security or safety risk as determined by the Secretary of State, including but not limited to any person who either represents a country, or is a member of or provides political, financial or military support to a group, that is listed in the most current “Patterns of Global Terrorism” report, issued by the Secretary of State in compliance with 22 U.S.C. § 2656f(a), available from the Superintendent of Documents, U.S. Government Printing Office, Washington D.C. 20402 and also available at [http://www.state.gov/global/terrorism/annual\\_reports.html](http://www.state.gov/global/terrorism/annual_reports.html), and (d) neither such Person nor any of its partners, members or principal stockholders is subject to a criminal indictment or information for a felony in any court in the United States. For purposes of this Lease, the term “principal stockholder” shall mean any person who is a beneficial owner (as defined for purposes of Rule 13d-3 of the Securities and Exchange Act of 1934, as amended and promulgated by the Securities and Exchange Commission) of ten percent (10%) or more of the outstanding stock or other equity of the Lessee.

“Secretary”: means the Secretary of Veterans Affairs or the individual delegated to act for and on behalf of the Secretary.

“Subtenants”: means a person or entity that is a subtenant or other holder of a right to use and occupy certain space within the Property pursuant to an executed sublease or other agreement with the Lessee.

“Successor”: means any such entity as defined in Article 20.B.3 of this Lease.

“Tax Credit Investor”: means any affiliate of Transamerica Affordable Housing, Inc. admitted as the investor limited partner of Lessee, and its successors and assigns.

“Term”: means the term of the Lease described in Article 3.A of this Lease.

“VA Facility Manager”: means the VA employee that the DVR identifies to the Lessee as being available to receive a copy of the “as-built drawings” as set forth in Article 10.F of this Lease.

“VAMC”: means the United States Department of Veterans Affairs Greater Los Angeles Healthcare System, West Los Angeles Campus, California.

“Veteran(s)”: means a Veteran(s) within the meaning of 38 U.S.C. Section 101(2) (e.g., a person(s) who served in the active military, naval or air service, and who was discharged or released therefrom under conditions other than dishonorable).

## **ARTICLE 2 – CONSIDERATION FOR LEASE, LESSEE REQUIREMENTS, PAYMENT OF ANCILLARY SERVICES, AND UTILITY INFRASTRUCTURE**

### **A. Consideration:**

It is the understanding of the Parties that Lessee is undertaking this Lease to achieve public interest objectives that are mutually beneficial, namely to, through a community-based effort, improve the availability of affordable, safe, quality, smoke free, drug free (other than any exceptions noted in Exhibit “E”, the “Operation and Maintenance Plan”) affordable housing for Veterans and their families.

### **B. Lessee Requirements:**

1. Lessee will finance, lease, design, develop, construct, renovate, operate, and maintain the Property into the Project in accordance with all applicable State and local laws, codes, ordinances, and permitting requirements, and any amendments thereto; the National Fire Protection Association (“NFPA”) 101 Life Safety Code; the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101, et seq.); the National Historic Preservation Act of 1966 (16 U.S.C. § 470, et seq.); the Archaeological Resources Protection Act (16 U.S.C. § 470 et. seq.), all as such laws may be amended from time to time; and as otherwise set forth in this Lease, all in a manner so as at all times not to unreasonably interfere with or disrupt the VAMC’s activities and operations.

2. Lessee has, in consultation with VA, established specific procedures, regulations, rules, and/or standards to: (i) ensure that eligible Veterans receive priority admission into the Facility and priority receipt of the supportive services offered within the Facility; (ii) ensure that Veterans have access to such services or any privileges, accommodations, or activities provided in as good or better a manner as all non-Veterans on the Property or residing in the Facility; and (iii) ensure that such Veteran eligibility criteria are contained in the “Operation and Maintenance Plan” (attached as Exhibit “E”) and the “Tenant Selection Plan” (attached as Exhibit “F”).

### **C. Utility Infrastructure, Metering, VA Approval of Distribution Systems, Professional Engineer’s Report:**

The Department and Lessee hereby agree as follows:

1. Lessee shall be solely responsible for any and all costs (i.e., direct costs, insurance, taxes, assessments, etc.) associated with establishing/constructing the infrastructures, distribution lines and systems, connections (including any Lessee reconnections to local utility provider services due to events relating to or stemming from Articles 2.C.5 and/or 2.C.6 below), meters, taps, etc., required for providing gas, electricity, water, sewer, oil, fiber optics, telephone, fire alarm service or any other form of utility, communications, power, or fuel to the Property.

2. Lessee shall be solely responsible for installing meters within thirty (30) calendar days of the Lease-Up Date, and paying the Department (within thirty (30) calendar days of receipt of any bill from the Department detailing) the "at-cost" amounts (including any fees or charges to or assessments against VA that are attributable to VA's provision of utilities to Lessee) for any and all electricity, water, gas, oil, fiber optics, telephone, or any other form of utility, communications, power, or fuel required during construction and/or operation of the Project after the Effective Date. Nothing in this Section C requires Lessee to acquire utility services from the Department.

3. Commencing on the Effective Date of the Lease, and notwithstanding Article 2.C.6 below, Lessee shall be solely responsible for ensuring at its sole cost and expense and subject to Article 2.C.2 above, that the utilities necessary for the operation and maintenance of the Property are available and operable in accordance with Federal, State, and local codes from VA or a third-party utility provider.

4. In conjunction with Article 2.C. 1 and Article 2.C.2 above, the Department shall have the right to review and approve any and all connections to VA's utility distribution systems prior to: (a) final design of such connections and (b) final installation of such connections, and the Department shall issue both such approvals to Lessee in writing. In addition, prior to the Department's approval of any and all connections to VA's distributions systems per this Paragraph 4, Lessee shall provide the Department with a "Professional Engineer's Survey Report" that evaluates the impact of the installation of such utilities on VA's distribution systems; confirms that no adverse impact will result upon VA's distribution systems; and provides for a corrective plan of action to mitigate any potential, foreseeable adverse impacts.

5. If Lessee performs or causes the performance of any utility connection work ("Utility Work") on VA property through an easement, permit, or otherwise, then Lessee hereby agrees that: (a) it shall be solely and fully responsible and liable to VA for any and all costs associated with repairing and/or restoring any VA real or personal property damaged or destroyed by, as a result of, or in connection with such Utility Work, and (b) notwithstanding anything in Article 13 to the contrary, Lessee shall indemnify and hold VA harmless for any and all liabilities, fees, costs, and expenses regarding any injuries, deaths, and/or damage to any person's personal property resulting from or in connection with such Utility Work by Lessee, its contractors, builders, sublessees, agents, employees, licensees, affiliates, and/or invitees.

6. Subject to and in accordance with this Article 2.C.6 and Article 10.A, during the Term and so long as the Department has jurisdiction and control of the VAMC, the Department will, upon Lessee's request and subject to applicable Federal, State, and local law, use its best efforts to provide the Property with uninterrupted flow of utilities, but Lessee hereby acknowledges and agrees that VA will not be liable for any damages due to or caused by any interruption, cessation, inadequacy, or defect in the character, quantity, quality, or supply of utilities services to Lessee, except for damages or injuries resulting or arising from the acts of Department personnel properly

cognizable under the Federal Tort Claims Act (28 U.S.C. §§ 2671-2680). Lessee further agrees that no such interruption or cessation of utility services shall constitute an event of default by VA under this Lease.

7. Subject to and in accordance with Article 2.C.6 above, in the event a State (or any of its agencies, departments, or commissions) or local public utility challenges, protests, or undertakes legal action against any of Lessee's utility connections and/or servicing from VA utility lines, Lessee shall have the right (subject to the Department's prior written approval, which shall not be unreasonably withheld), to legally contest or defend against such adverse actions. If Lessee elects to do so, however, it shall be solely responsible for all of its fees, costs, and expenses stemming therefrom.

8. During the Term, for any direct connections that Lessee makes to VA utility distribution systems, VA may if it deems necessary, contact Lessee and establish a time and place whereby VA can conduct or obtain at its sole cost and expense, an independent "utility consumption assessment" upon any sub-metering installed on the Property, to confirm or ensure proper functionality. If the utility consumption assessment indicates sub-metering malfunction, Lessee agrees to undertake corrective action as needed to repair any such sub-metering found to be malfunctioning.

D. **Payment to VA for Ancillary Services:** Each month during the Term, Lessee shall be responsible for, and shall pay to the Department, the "at-cost" amount(s) for (i.e., the actual cost to the Department for providing) any "ancillary service(s)," (e.g., grounds maintenance, trash pickup, laundry services, housekeeping services, lawn mowing, snow removal, security) that Lessee requests in writing and receives from the Department during and throughout the preceding month ("Ancillary Services"), which Ancillary Services Lessee is under no obligation to request, and Lessee may seek any "ancillary services" which may be offered by the Department from providers which are not the Department or contractors of the Department. Lessee's payments to the Department for such Ancillary Services shall be paid no later than thirty (30) calendar days after receipt of any bill from the Department for providing such services.

### **ARTICLE 3 – LEASE TERM**

Unless earlier terminated by the Department as provided for in Article 23, the term of this Lease shall be for Seventy-Five (75) years, commencing on the Effective Date (the "Term").

### **ARTICLE 4 - PROPERTY TO BE LEASED TO LESSEE**

The Property subject to this Lease shall constitute (i) the leasehold interest in the Real Property legally described in Exhibit "A", and (ii) the ownership of all structures, improvements, utilities, fixtures, infrastructure, and any other Improvements located on the Real Property and depicted in Exhibit "B". At all times during the Term, title to all Improvements located in, on or under the Real Property shall be vested in and held by Lessee. Lessee alone shall be entitled to all of the tax attributes of ownership of the Improvements, including, without limitation, the right to claim depreciation or cost recovery deductions and the right to claim the low-income housing tax credit described in Section 42 of the Code. Lessee shall also have the right to amortize capital costs and to claim any other federal or state tax benefits attributable to the Improvements during the Term.

Notwithstanding the preceding sentences, the underlying fee title of the land shall remain with the Department.

## **ARTICLE 5 - SUBJECT TO EXISTING AND FUTURE EASEMENTS AND RIGHT OF WAY**

A. This Lease is subject to all existing easements and rights of way, whether or not recorded, for location of any type of facility over, across, in, or upon the Property or any portion thereof; and the right of the Department, upon consultation with Lessee, to grant such additional easements or rights of way over, across, in, or upon the Property; and such approval shall not be unreasonably or arbitrarily withheld or delayed, provided that any such additional easements or rights of way shall not be inconsistent with Lessee's quiet use and enjoyment of the Property under this Lease, and shall be conditioned on the assumption by the grantee thereof of liability to the Department and to Lessee for such damages as the Department and/or Lessee shall suffer for property damaged or destroyed or property rendered uninsurable as a result of grantee's exercise of its rights thereunder. VA represents and Lessee acknowledges that VA has disclosed to Lessee all easements located on the Property of which VA is aware. The Department and Lessee agree to work cooperatively together to create such easements and rights of way as may be necessary or appropriate for Lessee's operation of the Property.

B. There is hereby reserved to the holders of such easements and rights of way as presently in existence, whether or not recorded, outstanding or which may hereafter be granted, to any Federal, State, or local officials engaged in the inspection, construction, installation, maintenance, operation, repair, or replacement of facilities located on the Property, such reasonable rights of ingress and egress over the Property as shall be necessary for the performance of their official duties with regard to such facilities.

C. The Department shall have the right to relocate any existing easements (at its sole cost and expense) and grant additional easements and rights of way over, across, in and upon the Property, provided that: (1) any additional easement or right of way shall not be inconsistent with or adversely affect Lessee's actual or intended use of the Property, construction of the Improvements and the Lessee's right to non-exclusive use of the Access Roads pursuant to Article 5.E below; (2) the grantee of any such easement or right-of-way agrees in writing to indemnify, hold harmless and defend the Department and Lessee from and against any and all claims, actions, losses, damages or costs and expenses as the Department or Lessee shall suffer or incur for injury to persons, or property destroyed as a result of grantee's exercise of its rights thereunder; (3) the granting of such easement or right-of-way shall not affect the insurability of the Property (i.e., either for title insurance purposes or for purposes of liability and casualty insurance); and (4) Lessee consents in writing to VA's granting of the easement or right-of-way, such consent not to be unreasonably withheld, conditioned, or delayed.

D. **Future Easements and Rights of Way.** Upon Lessee's written request, the Department agrees to consent to and join in the execution of all applications, petitions, and non-exclusive easements and rights-of-way as may be necessary to complete or operate the Project (to the extent such execution by the Department as fee owner of the Property is required); provided that: (1) the underlying application, petition or easement is not inconsistent with the Project and would not materially or adversely affect VA's mission or operations; (2) the grantee of any such application, petition, easement or right-of-way provides VA with prior written assurances to indemnify, hold

harmless and defend the Department and Lessee from and against any and all claims, actions, demands, losses, damages, liabilities, judgments, costs, and attorneys' fees, which the Department or Lessee may suffer or incur for injury to persons, or VA property destroyed as a result of grantee's exercise of its rights thereunder; and (3) VA provides its prior written consent to Lessee after reviewing the written assurances referenced in clause (2) above and the final version of each underlying application, petition, easement or right-of-way, which shall not be unreasonably withheld, conditioned, or delayed.

E. VA and Lessee agree that during the Term, Lessee, and any of its respective contractors, subcontractors, builders, sublessees, agents, employees, licensees, and invitees shall have a non-exclusive right to use: (1) VAMC roads for general vehicular ingress and egress, and (2) the sidewalks across the VAMC for pedestrian ingress and egress to and from the Property (collectively, the "Access Roads"). However, applicable Federal law shall govern all such uses, and Lessee shall be subject to VA security requirements and other operating procedures and restrictions, including without limitation, designated access road and parking space restrictions, as may change throughout the Term of the Lease.

## **ARTICLE 6 - REPRESENTATIONS AND COMMITMENTS**

A. Lessee and the Department hereby represent, warrant, and covenant that:

1. Each party has complied with all applicable laws and requirements in connection with the execution, delivery, and performance of this Lease.
2. Each party is duly authorized to execute and deliver this Lease.
3. This Lease constitutes a legal, valid, and binding obligation of each party, enforceable in accordance with its terms, subject to equitable principles that could affect specific performance.
4. Upon expiration or termination of this Lease, title to the buildings, structures, and other Improvements constructed or placed on the Property and the fixtures annexed thereto shall immediately revert to and become the property of the Department, as part of the Property, without any additional compensation therefor and without any instrument of conveyance. Lessee covenants and agrees, upon demand by the Department, on or after termination of the Lease, to execute any instruments requested by the Department to effectuate the conveyance of such buildings, structures, Improvements, utilities, fixtures, and infrastructure constructed or placed on the Property and the fixtures annexed thereto.
5. Each party undertakes to act with reasonable promptness, so that the other party can complete its Lease obligations within agreed timelines.

B. Lessee represents, warrants and covenants to the Department that:

1. Lessee is (a) a limited liability company duly organized, validly existing and in full force and effect under the laws of the State of California; (b) will validly and legally remain as such throughout the Term; (c) has and will continue to have throughout the Term, full power as a limited liability company to enter into and perform its obligations under this Lease; and (d) has, or will have prior to the time the same are required by law, and will thereafter maintain throughout the



remaining Term, all licenses or other governmental approvals necessary to perform its obligations hereunder.

2. The Lessee's signing, delivery, and performance of this Lease and its consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of the Lessee. To the Lessee's knowledge, neither its signing and delivery of this Lease, nor its consummation of the transactions herein contemplated, nor its compliance with the provisions hereof, will conflict with or result in a breach of, or constitute a default under, (a) any of the provisions of any law, governmental rule, regulation, judgment, decree or order binding on the Lessee or its properties, (b) the constituent documents of the Lessee, or (c) any of the provisions of any indenture, mortgage, contract or other instrument to which the Lessee is a party or by which it or any of its properties is bound, or result in the creation or imposition of any lien, charge or encumbrance upon any of its properties pursuant to the terms of any such indenture, mortgage, contract or other instrument.

3. All actions, approvals, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, rights, and licenses required under applicable law that are necessary in connection with the Lessee's signing and delivery of this Lease or the Lessee's consummation of the transactions contemplated hereby or the Lessee's performance of its obligations hereunder, have been duly taken, given or obtained, or, with respect to future renovation activities, will be obtained, as the case may be, are in full force and effect, are not subject to any pending proceedings or appeals (administrative, judicial or otherwise), and either the time within which any appeal therefrom may be taken or review thereof may be obtained has expired, or no review thereof may be obtained or appeal therefrom taken.

4. This Lease has been duly signed and delivered by the Lessee and, assuming due authorization, signing and delivery by the Department, constitutes a valid and binding obligation of the Lessee enforceable against the Lessee in accordance with its terms (except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of the rights of creditors generally and the application of equitable principles in any proceeding, whether at law or in equity).

5. There is no action, suit, proceeding or investigation pending or, to the Lessee's knowledge, threatened against the Lessee before any court, administrative agency, arbitrator or governmental body that: (a) relates to any of the transactions contemplated by this Lease, or (b) either in any one instance or in the aggregate, if determined against the Lessee, would reasonably be likely (i) to conflict with the terms of this Lease or of any action taken or to be taken in connection with the obligations of the Lessee contemplated herein, (ii) to materially and adversely affect the Lessee's business, assets, operations or condition (financial or otherwise), taken as a whole, or (iii) to materially and adversely affect the ability of the Lessee to perform its obligations under this Lease.

6. The Lessee is not in default with respect to any order or decree of any court or any order, rule, regulation or demand of any Federal, State, municipal, or governmental agency, which default would reasonably be likely to materially and adversely affect the Lessee's ability to perform its obligations under this Lease or the transactions contemplated hereby.

7. All negotiations relative to this Lease and the transactions contemplated hereby have been carried on by the Lessee directly with the Department, and without the intervention of any Person

who may or will have a valid claim against the Department for a finder's fee, brokerage commission or other like payment with respect to this Lease or such transactions.

8. The Lessee is, and at all times during the Term will be, a Qualified Party. If at any time the Lessee fails or is reasonably likely or expected to fail to continue to be a Qualified Party, the Lessee will immediately so advise the Department in writing. The Lessee will also immediately notify the Department if and when it becomes aware that a sublessee is no longer a Qualified Party.

9. Lessee has inspected the Property, is fully familiar with the physical condition of the Property, including the underlying environmental conditions (including those set forth in the Environmental Reports), and based on the foregoing, accepts such Property "as is" and with all faults, including those identified on the Environmental Reports, subject to all applicable law, and assumes all risks associated with pursuing the Project in accordance with this Lease and all applicable law.

10. As of the Effective Date, Lessee shall in accordance with and subject to Articles 16 and 34 of this Lease, be responsible for all costs associated with or pertaining to the removal or remediation of any and all Hazardous Substances and materials from the Property, including but not limited to, asbestos, mold, lead paint, and renovation, demolition, and construction debris. All such removal or remediation activities shall be performed in accordance with applicable Federal, State and local laws, codes, and ordinances.

11. The Department has made no representations or warranties concerning the condition of the Property, the fitness or suitability for any particular use or access to the Property and the Department shall not be liable to Lessee for any latent or patent defects in such Property, nor has it agreed with Lessee to alter, improve or maintain such Property.

12. During the Term, Lessee will finance, design, develop, construct, renovate, operate, and maintain the Property into the Project in accordance with the terms and conditions of this Lease, notably Article 2.B.1.

13. During the Term, Lessee shall:

(a) obtain at its own expense all pertinent Federal, State, and local permits, licenses, and approvals (including those approvals of VA) necessary for construction, renovation and operation of the Facility;

(b) assure that all applicable Federal, State, and local requirements are met during construction and operation of the Facility (including but not limited to, the latest version of the National Fire Protection Association (NFPA) 101 Life Safety Code; the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101, et seq.); the National Historic Preservation Act of 1966 (16 U.S.C. § 470, et seq.); and the Archaeological Resources Protection Act (16 U.S.C. § 470 et. seq.), all as such laws may be amended from time to time);

(c) assure that the operation of the Facility in accordance with the preceding Clause "(b)" do not negatively affect VA's activities and operations;

(d) certify in writing to DVR prior to the Lease-Up Date that the Improvements are as applicable, designed, constructed, or altered, and are suitable for use, in accord with appropriate earthquake-resistant design and construction codes and standards in compliance with the earthquake-resistant design provisions of the 2015 editions of the International Building Code (IBC) or the International Residential Code (IRC), nationally recognized building codes promulgated by the International Code Council (ICC), or equivalent codes, consistent with the provisions of and to the extent required by 40 U.S.C. 3312;

(e) certify in writing to DVR prior to the Lease-Up Date that all sustainable requirements have been met for the Facility to meet the U.S. Green Building Council LEED Silver certification or higher or other compatible sustainable certification system or state green building standards code approved in writing by the Department. If Lessee wishes to use an alternative third party sustainable building certification system or state green building standards code, Lessee must submit a description to the Department of such system or code, as applicable, and provide a crosswalk of proposed points to be earned under the alternate system with LEED Silver or two Green Globes points checklist for the Department's approval (the LEED silver certification or such other system or code approved by the Department is referred to as the "Sustainable Building Standard"); and

(f) assure that the Facility is operated as a smoke free (as defined in VA Directive 1085) and drug free (other than any exceptions noted in the Operations and Maintenance Plan) environment, restrict the consumption of alcohol in the Facility's common areas, and take action promptly when this requirement is not met. In accordance with the Operations and Maintenance Plan, Lessee shall provide any tenant found to be in violation of the smoke free, drug free, and alcohol policy with written notice of the violation, with a copy to the DVR, and shall, in accordance with applicable law, evict any tenant for repeated written violations. Lessee's violation of this Article 6.B.13(f) is not grounds for VA's termination of the EUL unless, after repeated violations of the smoke free, drug free, and alcohol policy (by one or more tenants), Lessee fails to: (i) commence corrective action within ninety (90) days following VA's written request, which at VA's discretion, may include but is not limited to, eviction of the offending tenant unless prohibited under applicable law; and (ii) complete such corrective action within such ninety (90) days, plus any additional time available under applicable law.

14. Prior to occupancy of the Facility by Lessee, and any other improvements placed on the Property after the Effective Date which are made available for occupancy, Lessee shall at its sole cost and expense, hire a City inspector or an independent inspector or use any inspector hired by the Leasehold Mortgagee, licensed by the State of California, to conduct an inspection of the Facility and certify in writing that it has been completed in compliance with the applicable State and local building codes and standards, including the NFPA 101 Life Safety Code (the "Certificate of Substantial Completion"). The Department must receive the Certificate of Substantial Completion before Lessee may occupy or receive occupants into the Facility, and will promptly notify Lessee of its receipt of the Certificate of Substantial Completion from Lessee.

15. Lessee will at all times, during the Term and its development, construction, renovation, operation, and maintenance of the Facility, use all reasonable and commercial best efforts to act so as to avoid the occurrence of any action(s) contained in Article 22 which constitute Events of Default.

16. Lessee will be responsible for maintaining and securing all necessary access to the Property for development, construction, operation, and maintenance of the Facility and the Project, provided that Lessee shall not be responsible for the maintenance and upkeep of the access roads as described in Article 5.E or other access roads that are outside the Property. Access that requires utilization of VA property other than the Property that is the subject of this Lease shall require advance coordination with and approval of the DVR.
17. Lessee will at its sole cost and expense, design, develop, construct, equip, and substantially complete the Facility within twenty-six (26) months after the Effective Date, in a good and workmanlike manner and pursuant to the Development Plan referenced in Article 10.A and Article 22.A.3, subject to Force Majeure.
18. Lessee will be solely responsible for any and all costs associated with the repair and maintenance of the Facility, the grounds, as well as any other structures on the Property in accordance with Articles 10 and 11 of this Lease.
19. Lessee will assure that its development, construction, operation and maintenance activities do not negatively affect VA's activities or operations, and use all reasonable and commercial efforts to conduct any of its construction activities involving noise, dirt, or other emissions that could negatively affect the VAMC's activities or operations to times falling outside of normal VA business hours.
20. At its sole cost and expense and in accordance with Article 10.A of the Lease and Exhibits "C" and "D" thereof, Lessee will take all necessary measures to: (a) control soil erosion during the design, development, construction, operation, and maintenance of the Facility through a detailed sediment control plan, with specifications to include necessary preventive measures to protect all water sheds, watercourses, and surface-water drainage from sedimentation, siltation, and pollution; (b) mitigate the long-term impacts relating to changes in surface water drainage patterns through the use of filtration and sediment ponds in accordance with State and local requirements; (c) expeditiously establish the necessary landscaping to minimize erosion; and (d) ensure that all established sediment ponds continue to empty surface water in the same respective directions and locations off of the Property following any development, construction, and maintenance activities of the Facility.
21. Lessee shall at all times comply with the provisions of the National Historic Preservation Act and the Archaeological Resources Protection Act, 16 U.S.C. § 470, et seq., and any Programmatic Agreements executed with the State Historic Preservation Office ("SHPO"), and shall coordinate and work with the Department and the SHPO as needed.
22. Lessee shall not knowingly remove or disturb, or cause or permit to be removed or disturbed, any historical, archeological, architectural or other cultural artifacts, relics, remains or objects of antiquity. In the event such items are discovered on the Property, Lessee shall immediately notify the DVR and protect the site and items from further disturbance until the DVR gives clearance to proceed.
23. Lessee shall be responsible for providing police, fire protection and inspection, and emergency services to the Property during the Term.

24. (a) Lessee will, within sixty (60) calendar days after the completion of the yearly audit for each of its annual fiscal years on which it operates, provide the Department with a copy of its audited financial statements for the Facility, along with a statement of revenues and expenditures, annual reports, and any related financial disclosure documents for such fiscal year (collectively, the "Lessee Financials"). For purposes of this section, "audit" shall mean financial statements prepared by a certified public accountant, with a level of assurance of at least a "review" (i.e., higher level of assurance than a "compilation"), and may be on a tax accounting basis, and will be conducted in accordance with attestation standards of the American Institute of Certified Public Accountants, as appropriate for a master leased property. Additionally, Lessee will promptly notify the Department telephonically and in writing of the occurrence of any material adverse change to its financial condition or circumstance that may affect its ability to perform its obligations under this Lease.

(b) Upon receiving the Lessee Financials referenced in the preceding Subparagraph (a) of this Paragraph 24, VA shall be entitled to review them to ensure that Lessee is not undergoing, or about to undergo, an adverse financial condition or circumstance that would negatively impact Lessee's ability to timely and adequately meet its Lease obligations.

(c) With respect to Lessee's obligations under this Article 6, Paragraph 24, the Parties agree that if and to the extent that the highest court or other adjudicative body of competent jurisdiction to which the matter may be presented finally determines that any Lessee Financials submitted to VA (which were not duly corrected or supplemented within a reasonable time period) are materially misleading, VA to the extent of any damages directly sustained thereby, shall be entitled to pursue any and all remedies available to it under this Lease, Federal, State, and local law, and at equity.

C. The Department represents and warrants to Lessee that it will not encumber or create a lien on the title of the Property or cause said title to be encumbered in any manner without the consent of Lessee, which consent may not be unreasonably withheld, and Lessee may reduce or discharge any such encumbrance or lien by payment or otherwise at any time after giving thirty (30) days' written notice thereof to the Department and recover or recoup all costs and expenses thereof from the Department. Department acknowledges and agrees that Lessee may assign all of its right to grant consents under this Section to the Leasehold Mortgagees (with the right then being held by the most senior, in terms of lien priority, Leasehold Mortgagee), but any right to recover or recoup costs and expenses from the Department under this Section shall not be assigned or assignable.

## ARTICLE 7 - USE

A. **Property Use in General.** Except as provided for in Section B of this Article 7, Lessee may use the Property during the Term only for the Project, which shall not include any political, gambling, obscene, or pornographic uses, or the implementation of any research activities or other programs illegal under or conflicting with or applicable Federal, State, and local law.

B. **Prior Consent Required For Any Other Uses.** Consistent with Section A above and except as VA and Lessee may otherwise agree in writing, no other uses of the Property shall be permitted on the Property during the Term.

C. Consistent with Sections A and B of this Article, and subject to the terms and conditions of this Lease, Lessee shall and may peacefully and quietly have, hold, and enjoy the Property for the Term, without disturbance from VA, and free from any encumbrance created or suffered by VA, except to which this Lease is made subject in accordance with Articles 5 and 20.

#### **ARTICLE 8 – Intentionally deleted**

#### **ARTICLE 9 - COMPLIANCE WITH APPLICABLE LAWS, RULES, AND REGULATIONS**

A. Lessee agrees that it will be responsible for and will obtain at its sole cost and expense, all applicable Federal, State, and local planning approvals, and other licenses and permits which are necessary to design, develop, construct, operate, and maintain the Property as contemplated in this Lease, including Article 7. Additionally, during the Term, Lessee at its sole cost and expense shall comply with all applicable Federal, State, and local laws, codes, and ordinances regarding the operation and maintenance of the Property.

B. Lessee agrees that at or prior to submission of any plats, plans, specifications, or applications for any approval, license, or permit with respect to compliance with applicable Federal, State, and local laws, codes, and ordinances, Lessee shall provide VA with a copy of each such proposed submission for review and approval (which shall not be unreasonably withheld, conditioned, or delayed). VA's comments on any submittal from Lessee will be provided to Lessee within thirty (30) calendar days of its receiving the submitted material. VA's review and approval shall be limited to ensuring that **(1)** there are no material conflicts involving the contents of the documents submitted to VA for review and the contents of Exhibits "C", "D", and "E"; **(2)** the proposed development and/or activities as reflected in the documents submitted to VA for review are architecturally compatible with the VAMC, are consistent with the Property uses identified in Article 7, and would not adversely affect VA's use and occupancy of the VAMC. In the event that VA disapproves of any proposed submission and design from Lessee (based upon the foregoing Clauses (1) and/or (2)), VA shall, along with a written objection, provide Lessee with a written explanation of the reasons for rejection of the proposed submittal and design. Unless the Department objects to the submitted material within thirty (30) calendar days, its approval shall be presumed. Lessee shall provide VA with a complete copy of all approved plats, plans, specifications, and applications.

#### **ARTICLE 10 - IMPROVEMENTS OR CONSTRUCTION ON THE PROPERTY**

A. **Improvements:** Lessee at its sole cost and expense, will commence and complete the development and construction of the Project in accordance with the Design Plan (Exhibit "C") and the Development Plan (Exhibit "D"), which such plans have been approved by the Department in advance of the Effective Date. All development, construction, and renovation activities, including but not limited to those relating to the use of roadways or pedestrian walkways, or connections with electricity, water, steam, sewer services, or other utilities, shall be coordinated in advance with the DVR. The repair of any damage to existing structures, systems, or facilities resulting from Lessee's development, construction, or renovation activities relating to the Project, shall be the sole responsibility of Lessee, and any affected structures, systems, and facilities shall be immediately repaired or replaced by (or on behalf of) Lessee in a manner acceptable to VA.

Lessee shall not enter into any contract or agreement with any city, county, or governmental agency or body or public utility with reference to sewer lines or connections, water lines, or connections, street improvements, including but not limited to curbs, gutters, parkways, and street lighting, utility connections, lines or easements, without the prior written consent of the Department, which consent shall not be unreasonably withheld. The Department shall consent to or disapprove any proposed contract or agreement within sixty (60) calendar days after the date of submission thereof by Lessee. Unless the Parties otherwise agree, the Department's failure to respond within such sixty (60) calendar days shall be a deemed approval.

B. **Lessee's Contracts For Construction:** Lessee agrees that any and all general construction contracts for the development, construction, and renovation of the Project and Facility, as well as any subsequent activities of this nature on the Property, shall contain clauses indemnifying and holding the Department harmless for any causes of action or damages arising as a result of any acts or omissions of the contractor(s).

C. **Construction Documents:** Lessee agrees that prior to undertaking development, construction, or renovation of the Facility, it will provide the DVR with a complete copy of all development, construction, and renovation documents at least sixty (60) calendar days prior to undertaking any such activities.

D. **Design Review and Approval:**

1. The Department's comments on any submittal, to include any Material amendments to the Design Plan; any Material amendments to the Development Plan; any Material amendments to any development, construction, and renovation documents attached to the Design Plan or the Development Plan, or any new development, construction, and renovation documents; and any supplements thereto which are Material in nature, will be returned to Lessee within thirty (30) calendar days of receiving the submittal. A "Material" change is any change that materially changes, revises, modifies, or amends the Design Plan, Development Plan, or associated documents, as applicable, which may include, but is not limited to, the following changes: (i) an alteration to the use of the Property or the building envelope from that set forth in the initial Design Plan and initial Development Plan attached to this Lease; (ii) modification of the number of housing units from that set forth in the initial Development Plan attached to the Lease; (iii) any change that, if implemented, would fail to meet any requirement of this Lease; (iv) any change that would result in a diminishment of the quality of the materials or finishes of the Facility; and (v) any decreases to the minimum goal of meeting the Sustainable Building Standard. Any proposed Material changes must be approved in advance, per the provisions of this Article 10.D.1, and the Department shall have the right to reject such submittals. In any such instance, the Department shall, along with its objection, provide a detailed, written explanation of the reasons for rejecting the submittal. Unless the Department objects to the submitted material within such time period, approval shall be presumed. Upon receipt of any VA rejection, Lessee shall respond to the Department within ten (10) business days and identify specifically how it proposes to address each of the Department's objections. The Department shall then respond to Lessee within ten (10) business days, and if the Department shall continue to have objections, the Department shall again specify those objections, and the Parties shall work together to expeditiously reach an agreed set of plans and specifications.

2. Any non-material change is a change to the Design Plan, Development Plan, or associated documents, as applicable, which is not Material. Lessee shall provide written notice and a copy of the supplement or amendment for all non-material changes to the Department within ten (10) days of the change. Such notice shall provide a confirmation that the non-material change(s) does not impact any requirements to comply with applicable State and local laws, codes, ordinances, and permitting requirements, NFPA 101 Life Safety Code, the Americans with Disabilities Act, the National Historic Preservation Act of 1966 and associated Secretary of Interior Standards included in the finding of no adverse effects from the SHPO, the Archaeological Resources Protection Act, and compliance with earthquake-resistant design and construction codes and standards.

E. **Access to Project Site:** Subject to the rights of residents under state and local law, upon reasonable advance notice of not less than twenty four (24) hours for non-emergency situations, and in emergency situations immediate access, Lessee agrees to permit the Department's representatives, agents and employees with access to and right of entry onto the Property before, during, and after any development, construction, or renovation undertaken pursuant to this Article for the purpose of monitoring, observing, and making inquiries in order for the Department to determine compliance with the Lease. It is understood by the Parties that such activity does not relieve the Lessee of its responsibility for managing any and all on-site development, construction, and renovation activities.

F. **As-Built Drawings:** Upon completion of any Project-related development, construction, or renovation activities, Lessee shall provide the DVR with one complete set of reproducible drawings (all disciplines) illustrating each and all stages of changes made to the Facility. The as-built drawings will incorporate all significant changes made over the life of the Facility. The title block shall be dated and entitled "As-Built Drawings." One electronic copy of the As-Built Drawings on CD, "AUTOCAD 2016" (read only format) or later edition if the DVR agrees in writing shall also be transmitted to the VA Facility Manager at the time of the reproducible drawings. The Department shall have the right to review the As-Built Drawings for accuracy and completeness, and request that Lessee make any and all necessary revisions, additions, and/or modifications to them if the Department reasonably finds and accurately deems them to be incomplete or inaccurate.

G. **Mechanics, Labor Liens, and Judgments:** Lessee agrees that it will not permit any claim or lien made by a mechanic, material man, laborer, or other similar liens, as well as any type or form of judgment (collectively "Liens"), to stand against the Property for work or materials furnished to Lessee or Lessee's subleases in connection with any development, construction, renovations, improvements, maintenance, operation, or repairs on the Property by Lessee or any contractors, subcontractors, builders, agents, employees, licensees, or invitees. Lessee shall cause such Liens to be fully discharged, insured or bonded within thirty (30) calendar days after the date of filing thereof.

However, Lessee shall not be deemed to be in breach of this requirement if: Lessee (1) disputes, in good faith, the validity or amount of any such Liens; (2) provides the Department with such security as the Department may reasonably require to insure payment of any such Liens to prevent any sale, foreclosure, forfeiture, or any other action against all or a portion of the Property, by reason of such nonpayment; (3) diligently pursues a resolution of such dispute with continuity; and (4) discharges any such Liens within thirty (30) calendar days after the date such judgment is



rendered or filed.

## **ARTICLE 11 - OCCUPANCY AND MAINTENANCE PROVISIONS**

A. Subject to the terms and conditions of this Lease, including Article 2.C, Lessee at its own expense, shall at all times protect, preserve, maintain, and repair the Property and Facility, and shall keep same in good order and condition. All grounds, sidewalks, lawns, shrubbery, and structures, both interior and exterior, shall be maintained to a standard that is comparable to and consistent with the maintenance provided for the surrounding VA facilities and property. Lessee shall at all times exercise due diligence in the protection of the Property against damage or destruction by fire or other causes. The Property shall at all times be maintained in a tenantable, safe, and sanitary condition and in accordance with the standards set forth in the Operations and Maintenance Plan attached hereto as Exhibit "E".

B. In accordance with Article 11.A above, Lessee shall: (1) maintain all equipment and systems to provide reliable services without unusual interruption, disturbing noises, exposure to fire and safety hazards, and without emissions of dirt; (2) ensure that all maintenance work is performed in accordance with applicable codes, and display inspection certificates as appropriate; (3) provide labor, materials, and supervision to adequately maintain the Facility's structure, roof, interior and exterior walls, windows, doors, and any other necessary building appurtenances to provide watertight integrity, structural soundness, acceptable appearance, and continuing usability; and (4) make all capital repairs, alterations, and replacements as necessary to maintain the usable condition of Property and Facility throughout the Term; and (5) notify and obtain written approval from the DVR at least thirty (30) calendar days prior to commencing any "significant non-emergency repair" on the Property (e.g., any repair that individually or in the aggregate would exceed \$150,000.00 escalating at 3% per annum starting in the second full year of operations; and notify the DVR at least ten (10) business days prior to commencing any "significant non-emergency repair" on the Property that would exceed \$50,000.00 escalating at 3% per annum starting in the second full year of operations. Any and all contemplated "significant non-emergency repair" exceeding \$150,000.00 escalating at 3% per annum starting in the second full year of operations, shall be considered construction as covered by Article 10 of this Lease, and thus will be subject to the requirements of such Article 10.

C. The Department reserves the right to unilaterally amend any provisions of the Operations and Maintenance Plan (Exhibit "E") which it deems to be in violation of 38 U.S.C. § 8161, et seq., or which is contrary to the Department's mission, activities, land use plans at the VAMC, or which it reasonably deems to be outside of the intended scope of this Lease. In the event that the Department intends to unilaterally amend provisions of the Operations and Maintenance Plan pursuant to this Section, the Department shall provide Lessee with prompt written notice and if appropriate, as much time as is necessary to implement the operational and/or maintenance changes required by VA's amendment. In the event that Lessee objects to the proposed unilateral amendment, the Department will work with Lessee to attempt to find a mutually acceptable resolution to the concerns raised by Lessee. Upon the Department's final acceptance, subsequent changes to such Operations and Maintenance Plan shall only be made by a written modification approved and executed by both the Department, and Lessee or its assignee pursuant to Article 19 of this Lease.

## ARTICLE 12 - ACCOUNTS

A. **Funded Maintenance Account.** Commencing on the first day of "Lease Up," Lessee shall establish and maintain a Funded Maintenance Account in an interest-bearing account in a financial institution approved by the Department. The Funded Maintenance Account shall be funded to the amount of \$300 per each housing unit located on the Property, escalating at three percent (3%) per annum starting in the second full year of operations. The financial institution holding such account shall include the Department as a recipient of all account statements.

B. **Purpose of the Funded Maintenance Account.** The funds of the Funded Maintenance Account shall be available for use by Lessee only for non-routine, capital repairs and replacements (including without limitation, roofing, HVAC systems, elevators, security systems, fire safety systems and similar systems) to the Facility and any other Improvements duly located on the Property that are made available for use and occupancy.

C. **Conditions for Withdrawing Funds From the Funded Maintenance Account.** Prior to withdrawing any funds of the Funded Maintenance Account, Lessee shall: (1) per Article 6.B.14, provide VA with a copy of the Certificate of Substantial Completion pertinent to the Facility (and/or any other facility or Improvement(s) located on the Property) for which such funds are to be used; (2) provide the DVR with not less than ten (10) business days advance written notice of a proposed withdrawal along with detailed, written receipts identifying the costs for and types of non-routine, capital repairs and replacement activities for which Lessee is seeking to withdraw funds out of the Funded Maintenance Account. Within ten (10) business days of VA's written request, Lessee shall provide VA with written, detailed receipts of the contractor(s) that are paid from funds of the Funded Maintenance Account.

D. **Prohibition on Using the Funded Maintenance Account for Collateral Purposes or to Limit Lessee Obligations.** Lessee shall use the funds in the Funded Maintenance Account as described in Article 12.B and for no other purpose, and agrees that it shall not pledge or use any monies therein as collateral. In addition, the establishment of the Funded Maintenance Account or its use does not in any manner limit Lessee's responsibilities under this Lease, and Lessee remains responsible for any costs in excess of the Funded Maintenance Account.

E. **Close Out of the Funded Maintenance Account.** Within thirty (30) calendar days following the expiration or termination of the Term, Lessee and the Department shall retain an architect mutually acceptable to the Parties (the "Architect") to inspect the Facility, and any other improvements on the Property that are made available for use and occupancy. The Architect shall prepare a report based upon the physical inspection of each such Improvement, within which it shall identify any damaged items that pursuant to this Article and in the ordinary course of business, should be repaired or replaced using proceeds from the Funded Maintenance Account. Within thirty (30) calendar days following the issuance of the inspection report, at VA's discretion either: (1) VA will receive a distribution of funds from the Funded Maintenance Account equal to the cost of repairing or replacing the items identified in the inspection report, or (2) Lessee shall after VA's prior consultation as to the selection(s), hire one or more contractors to repair and correct such damaged items and remit the necessary funds in the Funded Maintenance Account to compensate each contractor for its work performed. Upon the earlier completion of either event described in Clauses (1) and (2) of this Paragraph E, the balance of the funds in the Funded Maintenance Account, with VA's cooperation as may be necessary, will be disbursed by the

financial institution to the Lessee. For purposes of this Paragraph E only, notwithstanding the inspection report results, Lessee shall not be liable to the Department for any amount in excess of the amount of funds then existing in the Funded Maintenance Account.

F. **Replacement Reserve Account.** In lieu of the requirement for Lessee to maintain a Funded Maintenance Account as described in Article 12.A above, Lessee may after providing not less than thirty (30) calendar days prior written notice to VA, maintain a Replacement Reserve Account as required by the Leasehold Mortgagee and Tax Credit Investor, subject to the condition that no such funds can be used for purposes other than towards the Project as described in this Article 12, except and to the extent that VA first provides its prior written consent to the Lessee, Tax Credit Investor and Leasehold Mortgagee, at VA's sole and absolute discretion. Lessee shall make payments into such Replacement Reserve Account in the amount of \$300 per each housing unit located on the Property per annum, escalating at three percent (3%) per annum starting in the second full year of operation, which shall commence on the Lease-Up Date. Such Replacement Reserve Account shall in all respects comply with the requirements of Paragraphs (B) through (E) of this Article 12. The financial institution holding the Replacement Reserve Account shall include the Department as a recipient of all account statements. In the event that such Replacement Reserve Account shall be suspended or terminate for any reason, Lessee shall be required to immediately fund and maintain a Funded Maintenance Account as described in this Article 12.

G. **Operating Reserve Account.** Lessee shall establish and maintain an Operating Reserve Account, initially funded in the amount of \$592,171.00 upon completion of the rehabilitation of the improvements comprising the Facility to fund Project operating expenses. Funds on deposit in the Operating Reserve Account shall not be commingled with any other funds of Lessee and shall be used for Project related purposes. Any withdrawal of funds from the Operating Reserve Account shall only occur upon the written approval or at the direction of the Department; provided, however, that if a Leasehold Mortgagee requires an Operating Reserve Account, the funds in the Operating Reserve Account may be used by Lessee without the approval of the Department, subject to the condition that no such funds can be used for purposes other than towards the Project as described in this Article 12.G and such funds are paid to a third-party entity unrelated to Lessee. The financial institution holding the Operating Reserve Account shall include the Department as a recipient of all account statements. Upon termination of the Lease, all funds remaining in the Operating Reserve Account, including earnings thereon, shall be distributed to the Department.

### **ARTICLE 13 - INDEMNIFICATION BY LESSEE, GOVERNMENT NON-LIABILITY**

A. Except for damages or injuries resulting or arising from the acts of its officers, agents or its employees properly cognizable under the Federal Tort Claims Act (28 U.S.C. §§ 2671-2680), as it may be amended, neither the United States nor the Department shall be responsible for damages to the Property or for injuries to persons that may arise on the Property exclusive of those areas under the exclusive and direct control of the Department.

B. Lessee, to the extent such is consistent with applicable Federal and State laws, policies and regulations, agrees to indemnify, save, hold harmless, and defend the United States and the Department and its respective officers, agents and employees, from and against all claims, actions, demands, losses, damages, liabilities, judgments, costs, and attorneys' fees, arising out of, claimed on account of, or in any manner predicated upon: (1) personal injury, death or property damage

resulting from, related to, caused by or arising out of the construction (or defective construction), possession, and/or use of the Property; or (2) any activities, omissions, or services furnished by Lessee or any contractors, subcontractors, builders, sublessees, agents, employees, licensees, or invitees undertaking any activities on the Property or that relate to the Project, which fail to comply with the terms, conditions, reservations, restrictions, and requirements of this Lease and pertinent documents referenced herein. Such indemnity, save, hold harmless, and defend obligations of the Lessee in this Clause B shall not extend to those acts or omissions for which the Department is liable under the Federal Tort Claims Act (28 U.S.C. §§ 2671-2680), as discussed in Clause A above.

C. The Department shall promptly notify Lessee of the existence of any claim, action, demand, or other matter to which Lessee's indemnification obligations to VA would apply, and shall give Lessee a reasonable opportunity to defend the same at its own expense and with counsel of its selection; provided that, the Department (including the United States) shall at all times also have the right to fully participate in the defense at its own expense. The Department shall cooperate with Lessee to the extent reasonably necessary in any such defense. If Lessee shall, within a reasonable time after notice to Lessee, fail to defend, the Department shall have the right, but not the obligation, to undertake the defense of, and (while exercising reasonable business judgment in its discretion) to compromise or settle the claim or other matter on behalf, for the account, and at the risk, of Lessee. If the claim is one that cannot by its nature be defended solely by Lessee, then the Department shall make available all information and assistance that Lessee may reasonably request (in VA's discretion).

**D. NOTHING IN THIS LEASE SHALL BE DEEMED TO WAIVE OR IMPAIR THE IMMUNITIES OR LIMITATIONS OF LIABILITY OF LESSEE OR THE DEPARTMENT AS TO THIRD PARTIES, DIRECTLY OR INDIRECTLY, AND NOTHING IN THIS LEASE SHALL BE DEEMED TO PROVIDE A RIGHT OF ACTION IN FAVOR OF A THIRD PARTY AGAINST THE DEPARTMENT OR AGAINST LESSEE WHICH WOULD NOT OTHERWISE EXIST.**

#### **ARTICLE 14 - RISK OF LOSS AND INSURANCE**

A. **All Risk:** Lessee shall, in any event and without prejudice to any other rights of the Department, bear all risk of loss or damage to the Property arising from any causes whatsoever with or without fault, including but not limited to, fire; lightning; storm; tempest; explosion; impact; aircraft; vehicles; smoke; riot; civil commotion; bursting or overflowing of water tanks, apparatus or pipes; loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed; flood; labor disturbances; earthquake; malicious damage; or any other casualty or act of God to the fullest extent permitted by law. Lessee, and to the extent that this Lease is conveyed, transferred, assigned or sub-leased, shall maintain, at its own expense, an "All Risk" insurance policy against the risks enumerated in Article 14.B below with a reputable insurance company of recognized responsibility. Such insurance shall be maintained at all times in an amount as specified in this Article. Provided always, however, that Lessee shall bear all risk of loss of or damage to such Property for the entire Term for any work or other responsibilities required to be performed under the provisions of this Lease, except as otherwise provided for by the Federal Tort Claims Act (28 U.S.C. §§ 2671-2680).

In addition, Lessee shall maintain at its sole expense, all that insurance further required in accordance with this Article. Maintenance of insurance required in accordance with this Article must include acts resulting from the willful misconduct, lack of good faith, or negligence of Lessee or any of its officers, agents, servants, employees, subtenants, licensees or invitees or by any failure on the part of Lessee to fully perform its obligations under this Lease. Maintenance of insurance required in accordance with this Article shall effect no limitation on Lessee's liability with respect to any loss or damage resulting from the willful misconduct, lack of good faith, or negligence of Lessee or any of its officers, agents, servants, employees, subtenants, licensees, or invitees or by any failure on the part of Lessee to fully perform its obligations under the Lease.

**B. Insurance:**

1. **The Lessee's Insurance:** Lessee, at its expense from Project funds, shall carry and maintain with regard to the Property, the following insurance during the Term:

- a. All-risk property and casualty insurance against the risks enumerated in Section "A" of this Article in an amount at all times equal to at least 100% of the full replacement value of the Improvements to the Property, to include the Facility;
- b. Public liability and property damage insurance, including but not limited to, insurance against assumed or contractual liability under this Lease, with respect to the Property as specified above, to afford protection with limits of liability in amounts approved from time to time by the Department, but not less than \$1,000,000 in the event of bodily injury and death to any number of persons in any one accident, and not less than \$1,000,000 for property damage;
- c. Workers' compensation or similar insurance in form and amounts required by law;
- d. All other types of insurance imposed by applicable legal requirements or customarily carried and maintained by owners and operators of similar properties, and as the Department may reasonably require upon written notice to Lessee for its protection;
- e. All amounts of insurance required by this Article shall be adjusted annually, to reflect increases in 100% of the full replacement value of the Property. Lessee agrees that it will not subrogate to its insurance carrier any right or action that it has or may have against the Department for any loss covered by insurance, nor will Lessee, if it is suffering (or about to suffer) such loss, prosecute any suit against the Department by reason of such loss for which it is covered by insurance. Lessee agrees to notify its insurance carrier(s) of the provisions of this Article.

2. **The Lessee's Contractor's Insurance:** During the Term, Lessee shall require any contractor performing work on the Property to carry and maintain at no expense to the Department the following insurance:

- a. Comprehensive general liability insurance, including but not limited to, contractor's liability coverage and contractual liability coverage of at least \$1,000,000 with respect to personal injury or death, and one million dollars (\$1,000,000.00) with respect to property damage;

- b. Workers' compensation or similar insurance in form and amounts required by law; and
- c. Any other insurance as the Department may reasonably require in order to protect itself and its personnel in the discharge of its duties and obligations hereunder.

Lessee and/or Lessee's contractors shall be obligated to correct any damage caused by or attributable to such contractor or subcontractors for the work or materials performed by or on behalf of Lessee.

3. **Policy Provisions:** All insurance, which this Lease requires Lessee to carry and maintain or cause to be carried or maintained pursuant to this Section B shall be in such forms, for such amounts, for such periods of time, and with such insurers as the Secretary shall approve. All policies or certificates issued by the respective insurers for public liability and all-risk property insurance will name the Department and Lessee as insured or joint loss payees as their respective interests appear, shall provide that any losses shall be payable notwithstanding any act or failure to act or negligence of Lessee or the Department or any other person, and provide that no cancellation, reduction in amount, or material change in coverage thereof shall be effective until at least thirty (30) calendar days after receipt of notice by the Department in all such instances. In no circumstance will Lessee be entitled to assign to any third-party rights of action that Lessee may have against the Department. Further, each such policy shall provide that the insurer shall furnish written notice to the Department thirty (30) calendar days in advance of the effective dates of any reduction or cancellation of such policies.

4. **Delivery of Policies:** Lessee shall deliver promptly to the Department a certificate of insurance or a certified copy of each policy of insurance required by this Lease and shall also deliver no later than thirty (30) calendar days prior to the expiration of any such policy, a certificate of insurance or a certified copy of each renewal policy covering the same risks, together with appropriate evidence of payment of the premiums.

C. **Loss or Damage:**

1. In the event that the Property or any part thereof, is damaged by fire or by other casualty, whether or not such casualty is the fault of, or results from negligence of Lessee, other than the results of negligence of Department personnel cognizable under the Federal Tort Claims Act (28 U.S.C. §§ 2671-2680), Lessee shall within thirty (30) calendar days of such damage file an insurance claim seeking sufficient proceeds to cover such damage. Any insurance proceeds received as a result of any casualty loss shall be applied in the following order of priority, unless agreed to in writing by the Department in its sole discretion: (a) first, and within one hundred and twenty (120) calendar days of receiving such proceeds, to repairing, rebuilding, and/or replacing the Improvements and the damaged area to the reasonable satisfaction of the Department; (b) second, if required by the Department or any Leasehold Mortgagees, to the payment of any outstanding recorded mortgage or judgment liens held by the Department or any Leasehold Mortgagee, in accordance with the order of priority of such liens, until all such liens are fully satisfied and released; and (c) third, the excess, if any, shall be paid to Lessee. Any repairs or reconstruction shall be performed in accordance with plans and specifications approved by the Department, provided that if the repairs or reconstruction diligently pursued cannot be reasonably

completed within one hundred twenty (120) calendar days, Lessee shall have such time as is reasonably required and agreed to by the parties to complete, as applicable, the repair or construction.

2. If Lessee refuses, or fails to repair, restore, rebuild, or demolish the Property or any part thereof so damaged or destroyed, to the satisfaction of the Department in accordance with Article 14.C.1 above, the Department may terminate this Lease by providing written notification to Lessee. Subject to the rights of any Leasehold Mortgagees in accordance with Article 20, in such event, title to the Facility and any other improvements placed on the Property shall vest in the Department without notice or further action being required on the Department's part, and the Department may undertake the repair, restoration, rebuilding, or demolishing of the Facility and any other Improvements placed on the property or the damaged or destroyed portion thereof, and may complete it, by contract or otherwise, and may take possession of and use any materials on the work site necessary for completing the work. Lessee and its sureties shall be liable for any damages or costs incurred by the Department to repair, restore, rebuild, or demolish the Facility and any other Improvements placed on the Property, or the damaged or destroyed portion thereof. This liability includes costs incurred by the Department in completing the work.

D. **Effect of Condemnation.** If all or a substantial portion of the Lessee's right, title, and interest hereunder shall be condemned, appropriated, or taken under the power of eminent domain by a taking authority, or conveyed in lieu of condemnation (each such event shall hereinafter be referred to as a "Taking"), and if, in Lessee's reasonable judgment, the remainder of the Property is not sufficient to permit Lessee to operate the Property under this Lease in a manner that is economically viable and Lessee so notifies the Department in writing, then the Term shall terminate at the time title to the Property vests in the Federal Government or other taking authority (hereafter referred to individually or collectively if applicable as the "Taking Authority") via the Taking; provided, however, that Lessee's rights under this Section shall be subject to the rights of the holder of any Leasehold Mortgage. Any award monies paid or payable by the taking authority in connection with the Taking shall be payable to Lessee and/or to the Leasehold Mortgagee, as their interests appear, but such monies shall be subject to any appropriate offset(s) if applicable law so allows and the Lessee is determined to owe outstanding monies to the Taking Authority in connection with this Lease, any other Government contract(s), or any other contracts or legal obligations with such Taking Authority.

## **ARTICLE 15 - DELIVERY, RESTORATION, AND SURRENDER**

A. **Delivery of the Property to Lessee.** Upon the Effective Date, the Department shall deliver physical possession of the Property to Lessee, free and clear of any tenancy or occupancy by third parties, except as permitted in Article 5 above.

B. **Reversion of Leasehold Title and Vesting of Improvements.** Upon the expiration or termination of this Lease, all right, title and interest of Lessee (and anyone claiming by, under, or through Lessee) in and to the Property, Improvements, and all machinery, equipment, fixtures, and personal property attached to the Property, whether or not the same become fixtures, shall immediately revert to and/or vest in the Department without compensation therefor, and without any further action by the Parties. However, should any further action be necessary to accomplish such reversion and vesting, Lessee agrees to cooperate with VA and take all actions reasonably necessary to accomplish the same. No claim for damages against VA or its officers or agents shall

be created or made on account of such expiration or termination of this Lease, provided such termination or expiration occurs in accordance with this Lease.

C. **Surrender of the Property by Lessee.** Lessee shall at its sole cost and expense and on or before the expiration or earlier termination of this Lease, vacate and deliver physical possession of the Property, together with the Improvements located thereon, to the Department. At that time, the Property shall be in good order, condition and repair, normal wear and tear excepted, and free and clear of any tenancy or occupancy by third persons and/or sublessees. If Lessee shall fail, refuse, or neglect to vacate the Property and remove its and its Subtenant's personal property, then upon expiration or termination of this Lease, such personal property shall be considered abandoned and, at the option of the Department, either become the property of VA without compensation therefor, or the Department may cause it to be removed and/or destroyed at the expense of Lessee, and no claim for damages against the Department, its officers, or agents shall be created or made by or on account of such removal and/or destruction.

## ARTICLE 16 - ENVIRONMENTAL PROVISIONS

A. To the extent the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §§ 9601-9675 ("CERCLA"), the Resource Conservation Recovery Act, as amended, 42 USC 6901, et seq. ("RCRA"), or other applicable environmental law properly imposes liability, loss, expense, damage, or cost upon VA for any matter relating to any hazardous material or otherwise of an environmental nature on or affecting the Property due to (1) the United States' status as Federal owner of the Property, (2) acts of VA and/or former owners on or affecting the Property, or (3) acts or omissions of government contractors on or affecting Property that occurred while VA had jurisdiction and control of the Property, VA shall indemnify Lessee, its directors, partners, officers, trustees, members, employees, agents, successors, and assigns ("Indemnitees") for any liability, loss, expense, damage, or cost incurred or suffered by the Indemnitees and arising from any of the foregoing acts set forth in Clauses (1), (2), and/or (3) and properly assessable against VA under CERCLA, RCRA, or other applicable environmental law. Lessee shall immediately notify VA upon receipt of any notices, claims, or other information that identifies any environmental problems on or related to the Property which may require Lessee and/or VA action and/or expenditure of funds.

Consistent with the Anti-Deficiency Act (codified as amended in 31 U.S.C. 1341, 1342, 1351, and 1517), the payments of VA with respect to this indemnification shall not exceed appropriations available to VA which can be lawfully expended for such purposes at the time of the claim; and nothing in this Lease may be construed as implying that Congress will at a later date appropriate funds to meet any deficiencies.

B. Notwithstanding Article 16.A above, to the extent CERCLA, RCRA, or other applicable environmental law properly imposes liability, loss, expense, or damage, or cost upon VA for any matter relating to any hazardous material or otherwise of an environmental nature on or affecting the Property due to acts of Lessee, its contractors, builders, sublessees, agents, employees, and/or licensees relating to the Project, including any environmental remediation, which occur after the Effective Date, Lessee shall indemnify VA for any liability, loss, expense, damage, or cost incurred or suffered by VA and properly assessable against Lessee under CERCLA, RCRA, or other applicable environmental law. Lessee shall immediately notify VA upon receipt of any notices,



claims, or other information that identifies any environmental problems on or related to the Property which may require Lessee and/or VA action and/or expenditure of funds.

C. In accordance with Article 16.B above, if and to the extent that VA during the Term is held, by a final decision of the highest court or other adjudicative body of competent jurisdiction to which the matter has been presented, liable for costs and/or damages associated with the improper treatment, disposal, and/or release of one or more "Hazardous Substances" (as defined in Article 34 below) on or affecting the Property, VA at its sole and absolute discretion, may seek to initiate good-faith discussions and negotiations with Lessee, for Lessee on VA's behalf and upon the Parties' consummation of a separate written agreement, to undertake and complete any and all required environmental remediation and abatement activities in accordance with all applicable Federal, State, and local law.

D. Should additional environmental studies under the National Environmental Policy Act, 42 U.S.C. §§ 4321-4370d, as amended ("NEPA"), CERCLA, or other applicable environmental law become necessary during the Term due to proposed development activities beyond the scope of the Project development as reflected in the Design Plans and Development Plans referenced in Article 10.A, then unless the Parties otherwise agree in writing, the fees, costs, and expenses necessary to perform such studies shall be the sole responsibility of Lessee.

#### **ARTICLE 17 - BONDS OF SECURITY**

If during the Term the Lessee proposes to undertake construction that would be in excess of \$100,00.00, or other dollar threshold as may later be stipulated in the Miller Act (40 U.S.C. § 3131), then VA and Lessee agree that not less than thirty (30) calendar days prior to undertaking any renovation or construction, Lessee shall furnish evidence of a "Payment and Performance Bond" between Lessee and the construction contractor, with a sum equal to one hundred percent (100%) of Lessee's total costs of construction, development, and renovation. The bond of any surety company holding a certificate of authority from the Secretary of the Treasury as an acceptable surety of Federal bonds will be accepted. The United States of America, acting through the Secretary, shall be named as co-beneficiary on each "Payment and Performance Bond" (including subcontract bonds) obtained by Lessee. The Department shall have the right to approve or reject any and all terms and conditions of any and all bonds obtained by Lessee pursuant to this Lease. In addition, the terms and conditions of each "Payment and Performance Bond" shall be subject to the prior approval of the Department.

#### **ARTICLE 18 - NOTICES**

A. All notices, or other correspondence required under or arising from the terms of this Lease from the Department to Lessee shall be served on or mailed to Lessee's designated representative, who shall notify the DVR in writing of any change in Lessee's designated representative, and/or the address or office to be notified. All notices or other correspondence required or arising from the terms of this Lease from Lessee to the Department shall be served on or mailed to the DVR who shall notify Lessee's designated representative in writing of any change in the DVR, and/or the address or office to be notified.

B. All notices, reviews, approvals and other communications required or permitted under this Lease shall be in writing and will only be deemed properly given and received (1) when actually given and received, if delivered in person to a party who acknowledges receipt in writing; or (2)

one (1) business day after deposit with a private courier or overnight delivery service, if such courier or service obtains a written acknowledgment of receipt; or (3) three (3) business days after deposit in the United States mails, certified or registered mail with return receipt requested and postage prepaid; it being understood and agreed that the period for any approval to be given hereunder shall run from the party's receipt of the documentation required for such approval as described herein with a formal written request for such approval shown thereon. The designated representatives shall be:

**Department:** Department of Veterans Affairs  
Office of Asset Enterprise Management (044)  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420  
Phone: (202) 461-7778  
Fax: (202) 273-5585  
Attn: DVR

**With copies to:** Department of Veterans Affairs  
West Los Angeles Medical Center  
11301 Wilshire Blvd.  
Los Angeles, CA 90073  
Phone: (310) 268-3132  
Attn: GLAHS Director

Department of Veterans Affairs  
Office of Asset Enterprise Management (044)  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420  
Phone: (202) 461-8153  
Fax: (202) 273-9374  
Attn: Post Transaction Team Leader

Department of Veterans Affairs  
Office of General Counsel (RPLG)  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420  
Phone: (202) 461-7612  
Fax: (202) 273-9384  
Attn: Chief Counsel (EU Leasing)

**Lessec:** Building 205 Holdings, LLC  
c/o Veterans Housing Partnership LLC  
c/o Communities for a Better Life  
500 South Grand Avenue, 22nd Floor  
Los Angeles, CA 90071  
Phone: 310-309-6707  
Fax: 310-986-6486  
Attn: Vivian M. Lum, Chief Executive Officer

**With Copies To:**

Shangri-La Construction  
27762 Antonio Parkway, L1-543  
Ladera Ranch, CA 92694  
Phone: (949) 226-2858  
Fax: 213-265-3030  
Attn: Judson C. Leibee, Esq.

BlueGreen Preservation & Development Company, LLC  
500 South Grand Avenue, 22nd Floor  
Los Angeles, CA 90071  
Phone: 310-309-6707  
Fax: 310-986-6486  
Attn: Vivian M. Lum, Chief Executive Officer

Hobson Bernardino + Davis LLP  
Citigroup Center  
444 S. Flower Street, Suite 3100  
Los Angeles, CA 90071  
Attn: Jason A. Hobson, Esq.  
Phone: 213-235-9191  
Fax: 213-235-9190

**And to:**

U.S. Bank National Association  
633 West 5<sup>th</sup> Street  
Los Angeles, CA 90071  
Phone: 213-615-6024  
Fax: 213-615-6199

**And to:**

Red Stone Tax-Exempt Funding LLC  
126 East 56th Street, 18th Floor  
New York, NY 10022  
Attn: Cody Z. Langeness

Sidley Austin LLP  
787 Seventh Avenue  
New York, NY 10019  
Attn: Adam S. Verstandig, Esq.

**And to:**

Aegon LIHTC Fund 58, LLC  
c/o AEGON USA Realty Advisors, LLC  
6300 C Street SW, MS 3B-CR  
Cedar Rapids, IA 52499  
Attn: LIHTC Reporting

Nixon Peabody LLP  
70 West Madison Street, Suite 3500  
Chicago, Illinois 60602  
Attn: Andrew H. Tripp

Phone: 312-977-4374  
Facsimile: 844-565-3244

## ARTICLE 19 - ASSIGNMENT AND SUBLETTING

A. **The Lease Is Binding Upon Lessee's Successors and Assigns.** Subject to and in accordance with Article 19.F below, Lessee hereby agrees that all of the covenants, conditions, obligations and liabilities contained in this Lease shall be binding upon and inure to the benefit of any successors and assigns of Lessee (including, without limitation, a Leasehold Mortgagee or a purchaser/assignee in foreclosure, but only during or arising from the period of their respective possession or ownership of the Property) to the same extent as if the successors and assigns were in each case named as a party to this Lease.

B. Subject to the provisions of Article 20 and except as set forth in Section D of this Article 19, Lessee may not sell, convey, transfer or assign this Lease or any interest therein, or in the Property, or grant an interest, privilege or license in connection with this Lease, without the prior written consent of the Department, which consent shall not be unreasonably or arbitrarily withheld or delayed, so long as the Department determines that the assignment or sale is not inconsistent with the terms and conditions of this Lease and that such assignee or purchaser is a responsible party ("Responsibility Determination"). Factors to be considered by the Department in making a Responsibility Determination include, but are not limited to, a determination that the proposed successor or assignee: (1) expressly agrees to at all times use the Property in accordance with the terms and conditions of the Lease; (2) has provided the Department with the certification described in Article 19.F; (3) expressly agrees and understands that the proposed assignment or sale is subject to the rights, title and interests of the United States and VA under the Lease; (4) is a Qualified Party, and a responsible party as more fully described in Article 20.F.1; (5) has an adequate record of successfully operating and maintaining prior projects similar to that of the Project; and (6) has an adequate financial history and profile (net worth, cash flow, and credit support) to successfully meet the financial commitments of the Project and the Lease's terms and conditions.

C. When making any Responsibility Determination, the Department shall have fifteen (15) business days following written notice from Lessee to object to the proposed assignee or transferee. In the event that the Department based on the criteria in Section B above "rejects" the proposed assignee or transferee, the Department shall disclose the nature and scope of the conflict to Lessee and shall provide Lessee fifteen (15) business days thereafter within which to provide additional information and request in writing that the Department reconsider its determination. The Department, under reconsideration, may grant or deny approval of the proposed assignee or transferee in accordance with the "factors" identified in items (1) through (7) of Section B above, and shall so notify Lessee of its determination in writing within fifteen (15) business days of the reconsideration request. Alternatively, if the Department fails to object within said fifteen (15) business day period, it shall be deemed to have waived any objection. However, if upon reconsideration, the Department continues to object based upon the aforementioned "factors," and timely advises Lessee of the same, the Parties will continue working together in good faith to resolve the issue(s), subject to the Parties' rights in Article 25 below.

D. Notwithstanding Articles 19.B and C, but subject to Article 7, the subleasing of any part of the Facility, and any other Improvements located on the Property and made available for use and occupancy, is freely permitted without the prior consent of the Department, provided that in

the case of a sublease (or other agreement) to a tenant other than a natural person residing in any of the aforementioned improvements (a "Space Tenant"), Lessee shall notify the Department in writing of the name, and address of such Space Tenant and the nature of its business; identify the property and premises being subleased; and notify VA in writing that to the best of Lessee's knowledge and belief: (1) the proposed sublease to the Space Tenant does not violate any terms, covenants or conditions of this Lease; (2) based upon Lessee's internet website search of <https://www.sam.gov/portal/public/SAM/> (as said website and/or its underlying list may change or be updated from time to time) within the immediately preceding thirty (30) calendar days, the prospective Space Tenant or any persons within the corporate or business structure of such entity is a Qualified Party; and (3) based upon Lessee's internet website search of <http://www.state.gov/j/ct/rls/crt/> (as said website and/or its underlying list may change or be updated from time to time) within the past thirty (30) calendar days, the prospective Space Tenant does not appear in the latest edition of the publication entitled "Country Reports on Terrorism." For the sake of clarity, the Department agrees that subleasing of individual residential dwelling units on the Property to natural persons shall be permitted without the consent of or advance notice to the Department.

E. The Department agrees that during the Term and subject to the terms and conditions of this Lease, any approved assignee or transferee shall have the right to attorn to the Department, and the Department will accept such attornment and not disturb the occupancy or rights of such assignee or transferee pursuant to its transfer, assignment, grant, purchase, or sublease agreement with Lessee. The Department agrees to execute any non-disturbance agreement as may be reasonably requested by Subtenant, and which the Department reasonably finds to be reasonable, to memorialize and effectuate the provisions of this Article.

F. Any succession or assignment permitted and carried out pursuant to this Article is contingent upon the execution of a written certification by the proposed assignee or transferee stating that such entity agrees to comply with all terms, covenants, obligations and liabilities contained in this Lease. The assignee or transferee shall be deemed to have assumed all of the obligations of Lessee under this Lease, but such shall not relieve Lessee of any of its obligations under this Lease as provided in Section A above, except upon the express release therefrom, if any, by VA in its sole and absolute discretion.

G. Notwithstanding anything to the contrary contained in this Lease, the Department agrees that the following are permitted transfers and assignments under this Lease and do not require the consent of the Department:

1. Transfers of the limited partnership interest of Lessee to another Qualified Party; and
2. The temporary admission of Transamerica Affordable Housing, Inc., a California corporation as a general partner of Lessee, provided that Transamerica Affordable Housing, Inc., a California corporation is a Qualified Party at the time of transfer and that such transfer is for a period less than one hundred and eighty (180) days, unless the Department has agreed in writing to an extended period of time.

Within ten (10) days of any such transfer, Lessee shall provide written notice to the Department.

## ARTICLE 20 - ENCUMBRANCE OF THE PROPERTY

### A. **Prohibition Against Encumbrance of the Property:**

1. Nothing contained in this Lease authorizes Lessee to encumber in any manner, during the Term, the United States' (i.e., the Department's) fee interest in the Real Property. Such fee interest in the Real Property may not be subordinated or otherwise made subject to any deed of trust, mortgage, or other lien, or other encumbrance granted, suffered, or permitted by Lessee.

2. Lessee covenants that except as permitted by this Lease pursuant to Article 5.D and this Article 20, it shall not create or cause to be created a mortgage, lien, or other encumbrance to be placed upon the Property, other than such mortgage, lien, or encumbrance to be placed on Lessee's interest therein pursuant to Section B of this Article. Subject to Lessee's rights in Article 20.A.3 below, the creation of any mortgage, lien, or encumbrance, other than permitted by Paragraph B of this Article, shall be deemed a Lessee Event of Default on the date of its filing of record in accordance with the provisions of Articles 22 and 23 of this Lease.

3. Lessee may in good faith and at Lessee's own expense contest the validity of any asserted lien, claim, or demand not permitted under this Article; provided Lessee has furnished a bond or cash deposit freeing the Property from the effect of such a lien claim, and provided the Department with written evidence thereof. If such lien is not promptly discharged by Lessee: (1) within thirty (30) calendar days after a judgment is rendered following any unsuccessful challenge of Lessee as to the validity of the asserted lien or (2) if no such challenge is made, within such thirty (30) calendar days after Lessee receives a written request from VA to discharge or free the Property from the effect of such a lien, the Department may, but shall not be obligated to, discharge such lien. Any amount so paid by the Department for any such purpose, with interest thereon at the prevailing rate of interest for "90-day U.S. Treasury Bills" or its successor from the date of any such payment, shall be repaid by Lessee to the Department not later than thirty (30) calendar days following Lessee's receipt of written notice from the Department.

### B. **Encumbering Lessee's Leasehold Interest:**

1. Lessee may encumber its interest in the Property to the extent necessary to provide financing and refinancing for the costs of acquisition, development, construction, renovation, operation, and maintenance of the Property as specified in this Lease. However, any loan involving a security interest in the leasehold (including any subsequent amendments or modifications thereto) may not be closed until the Department has verified, or such verification is deemed to have been provided in accordance with this Section, that the following conditions are satisfied:

(a) The proposed loan does not subordinate the Department's underlying fee interest in the Real Property;

(b) The proposed loan does not modify the Department's rights, interests, remedies, or liabilities under the Lease;

(c) The proposed loan does not contain any provision of Department financing or any explicit Department guarantee of third-party financing through direct or indirect guarantees of the Project, such as a "full faith and credit" guarantee of debt repayment by the Department, implicit

guarantee through repayments sourced from Federal funds, or other actions that remove a substantial amount of the investor's risk through Department commitment; and

- (d) The proposed loan is being provided by a Qualified Party.

If, within ten (10) business days of receipt of any such proposed loan involving a security interest in the leasehold (including any subsequent amendments or modifications thereto), the Department does not send a written notice to Lessee identifying that one or more of the above conditions was not satisfied, the Department shall be deemed to have verified that the above conditions have been satisfied.

2. Promptly after assigning this Lease or encumbering the Property as provided herein (i.e., Article 20.A.1 and Article 20.A.2 above), Lessee shall furnish the Department a true and verified copy of any leasehold mortgage ("Leasehold Mortgage") and other documents creating or securing the indebtedness thereby secured, and written notice ("Leasehold Mortgage Notice") setting forth the name and business address of the Leasehold Mortgagee ("Leasehold Mortgagee"). During the Term, Lessee also shall provide the Department with a copy of any amendments or modifications to the Leasehold Mortgage (and any other documents creating or securing the indebtedness), and written notice of any changes to the name and/or business address of the Leasehold Mortgagee.

3. During the Term, the making of any Leasehold Mortgage shall not be deemed to constitute an assignment, nor shall any Leasehold Mortgagee not in possession of Lessee's leasehold estate be deemed an assignee of the leasehold estate so as to require such Leasehold Mortgagee to assume the obligations of Lessee hereunder; however, as further provided in this Article 20.B.3, any Leasehold Mortgagee in possession, purchaser at a foreclosure sale of the leasehold estate, or assignee pursuant to an assignment in lieu of foreclosure shall be deemed to be an assignee of Lessee and shall be deemed the successor to (but only for the period of its leasehold ownership) the obligations of Lessee hereunder from and after the date of such purchase or assignment ("Successor"). Such Successor shall be fully bound by the provisions of this Lease, except to the extent that any unperformed obligations of Lessee at the time of, as applicable, such possession, foreclosure, or assignment in lieu of foreclosure, are personal in nature and incapable of being performed by the Successor.

4. Lessee agrees to make all payments and perform all obligations required or secured by any Leasehold Mortgage as and when the same are required to be made or performed thereunder.

5. In no event shall Lessee commence any development, construction, or renovation activities regarding the Facility, or any other Improvements on the Property after the Effective Date that are made available for occupancy, until Lessee provides VA with documentary evidence that Lessee has adequate financial resources to undertake and complete that respective aspect of the Project. Closing of the Initial Financing shall satisfy this Article 20.B.5 for the rehabilitation of the Improvements identified in the Development Plan.

C. **Notices to Leasehold Mortgagees:** If the Lessee has identified and the Department has approved a Leasehold Mortgagee pursuant to Article 20.B, and the Lessee has delivered a true and verified copy of such Leasehold Mortgage to the Department, together with a written notice

of the name and address of the Leasehold Mortgagee, then, notwithstanding anything to the contrary set forth in this Lease:

1. The Department shall mail to each such Leasehold Mortgagee a duplicate copy of any and all notices that the Department may be required to serve or decides to serve upon Lessee pursuant to the provisions of this Lease; and no notice by the Department to Lessee hereunder shall be deemed to be effective unless and until a copy thereof has been duly given to each Leasehold Mortgagee. A notice to a Leasehold Mortgagee shall be deemed to have been duly given to such Leasehold Mortgagee only upon actual receipt by such Leasehold Mortgagee (or refusal to accept delivery).

2. The Department shall provide each such Leasehold Mortgagee with a duplicate copy of any notice sent to the Lessee (or any of its successors or assigns) advising of any change in the proper representative and/or office to be notified when sending notices or correspondence to the Department.

D. **Lease Termination Protection:**

1. The Department shall not agree to any mutual termination or cancellation of this Lease nor accept any surrender of this Lease (except upon the expiration of the Term) nor shall the Department consent to any amendment or modification of this Lease, without the prior review and written consent of each Leasehold Mortgagee with respect to which the Department has received the Leasehold Mortgage Notice described in Article 20 B.1..

2. Notwithstanding the occurrence and/or continuance of an Event of Default by Lessee, as applicable, in the performance or observance of any covenant, condition or agreement of this Lease on the part of Lessee to be performed or observed, all rights of the Department to terminate this Lease for such Event of Default shall be subject to and conditioned upon (a) the Department having first given the Leasehold Mortgagee written notice of, and an opportunity to cure such Event of Default per Section E below, and (b) the Lessee's and Leasehold Mortgagee's having failed to remedy such Event of Default as set forth in, and within the applicable time period specified by, Section E of this Article.

3. Each Leasehold Mortgagee who is properly identified to and approved by VA pursuant to Article 20.B above shall have the right, but not the obligation (except as otherwise may be provided herein as to a Leasehold Mortgagee in possession of the Property), at any time prior to termination of this Lease and without payment of any penalty, to pay all of the rents due hereunder, to provide any insurance, to pay any taxes and make any other payments, to make any repairs and improvements and do any other act or thing required of Lessee hereunder, and to do any act or thing which may be necessary and proper in the performance and observance of the covenants, conditions and agreements hereof to prevent the termination of this Lease. All payments so made and all things so done and performed by the Leasehold Mortgagee shall be as effective to prevent a termination of this Lease as the same would have been if made, done and performed by Lessee instead of by the Leasehold Mortgagee. Notwithstanding anything to the contrary contained elsewhere herein, no Leasehold Mortgagee shall be required, in order to prevent the termination of the Lease or obtain a Replacement Lease, or otherwise, to cure any breach or



default under any Leasehold Mortgage (or any document, instrument or agreement secured thereby).

**E. Leasehold Mortgagee and Tax Credit Investor Cure Rights:**

1. A Leasehold Mortgagee who undertakes to remedy an uncured Event of Default by Lessee which can be cured by the payment of money or that relates to an issue impacting health or safety issues shall remedy such default within sixty (60) calendar days after receipt of notice from the Department setting forth such default.

2. A Leasehold Mortgagee who undertakes to remedy an uncured Event of Default by Lessee that is not described in Article 20.E.1 shall have a reasonable time, not to exceed one hundred eighty (180) calendar days (unless VA, by prior written consent in its sole discretion, approves a longer period) within which to remedy such default (the "Initial Leasehold Mortgagee Cure Period") provided that if such uncured Event of Default cannot reasonably be cured by such Leasehold Mortgagee within the Initial Leasehold Mortgagee Cure Period and during the Initial Leasehold Mortgagee Cure Period, the Leasehold Mortgagee has taken at least one of the following actions (and the Department has approved such action to the extent Department approval is required), then the time within which Leasehold Mortgagee may remedy such uncured Event of Default shall be extended by VA for up to an additional one hundred and eighty (180) calendar days (any such additional period, the "Extended Leasehold Mortgagee Cure Period"):

(a) Submitted to the Department for its approval, in its sole discretion, a written business plan (a "Workout Plan") for the cure of the Event of Default(s), the Department provided its written approval of such Workout Plan, and the Leasehold Mortgagee is diligently and continuously implementing such Workout Plan; and/or

(b) Commenced a proceeding to foreclose the lien of the Leasehold Mortgage, a deed in lieu of foreclosure, an action for the appointment of a receiver, or other appropriate proceedings, and the Leasehold Mortgagee is diligently and continuously prosecuting any such proceedings to completion. After gaining possession of the Property (which may occur after the Extended Leasehold Mortgagee Cure Period), the Leasehold Mortgagee or the receiver, as the case may be, shall perform all of the covenants of Lessee reasonably capable of performance by the Leasehold Mortgagee or the receiver during the period of foreclosure or receivership, as the case may be, as and when the same are due, and shall immediately proceed with all due diligence either to assign the Property or enter into a Replacement Lease with VA for the Property, as described in Article 20.F.2 below.

For the avoidance of doubt, if an Extended Leasehold Mortgagee Cure Period is granted by the Department because of submission of a Workout Plan to the Department, the Leasehold Mortgagee may still commence a proceeding to foreclose the lien of the Leasehold Mortgage, a deed in lieu of foreclosure, an action for the appointment of a receiver, or other appropriate proceedings during any Extended Leasehold Mortgagee Cure Period.

3. If the Leasehold Mortgagee establishes to VA's satisfaction that a Lessee default is personal in nature or otherwise is not susceptible of cure by the Leasehold Mortgagee, then, provided the Leasehold Mortgagee fully complies with and meets all requirements of clause (b) of

Section E.2 above, the default shall be deemed remedied as between VA and the Leasehold Mortgagee.

4. Notwithstanding anything in this Lease to the contrary except for the provisions of Article 20.F.2 below and Lessee's obligation to inform VA of each Leasehold Mortgagee pursuant to Article 20.B.2 above, should the Leasehold Mortgagee(s) fail to remedy an uncured Lessee default pursuant to and within the applicable time period specified in this Section E, the Department shall immediately thereafter be permitted to terminate the Lease by issuing written notice thereof to the Lessee, and each Leasehold Mortgagee identified per Article 20.B.2 of this Lease.

5. The Tax Credit Investor shall have the same rights as are granted to any Leasehold Mortgagee under Article 20.D.1, Article 20.D.2, Article 20.D.3, Article 20.E and Article 20.C and any reference to a Leasehold Mortgagee in such paragraphs shall be deemed to include Tax Credit Investor. In addition, any reference in Article 20.E.2, Article 20.F.1, and Article 20.F.2 to foreclosure or other proceedings by any Leasehold Mortgagee to acquire Lessee's leasehold estate under this Lease shall also be deemed to refer to removal and replacement of Building 205 Preservation, LLC, a California limited liability company, as a general party of Lessee by the Tax Credit Investor under Lessee's partnership agreement. Any replacement of Building 205 Preservation, LLC, a California limited liability company, as a general partner of Lessee pursuant to such removal and replacement by the Tax Credit Investor shall be subject to the requirements for a Successor set forth in Article 20.F.1.

6. If any Leasehold Mortgagee is restrained or prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any stay, order or injunction issued by any court or by reason of any bankruptcy or insolvency proceeding, the times specified in the Lease (and above) for commencing or prosecuting foreclosure or other proceedings shall be extended for the period of the restraint or prohibition (and all cure periods afforded the Leasehold Mortgagees hereunder shall be extended to account therefor).

**F. Foreclosure of Leasehold Mortgage:**

1. Subject to Article 20.B.2, and pursuant to and in conjunction with an assignment or foreclosure under this Article, the Leasehold Mortgagee and the Leasehold Mortgagee's successors, assigns, or nominees, including without limitation a purchaser at a foreclosure sale or a purchaser pursuant to a transfer of an assignment in lieu of foreclosure, may assign or sell the leasehold estate subject to and consistent with Subparagraphs (a) through (d) below, provided that the Leasehold Mortgagee or assignee provides the Department with not less than thirty (30) calendar days advance notice or the maximum period of advance notice allowed under applicable law of any such assignment or sale, and based upon its review determines that the Successor to the Property is a "responsible" party. Factors to be considered by the Leasehold Mortgagee or assignee in making this responsibility determination shall include, but are not limited to:

(a) the Leasehold Mortgagee's receipt of a written certification ("Certification") from the Successor (which the Leasehold Mortgagee shall copy and forward to the Department not less than five (5) business days before such assignment or sale) confirming that the Successor: (1) expressly agrees to at all times use the Property in accordance with the terms and conditions of the Lease; (2) expressly agrees to observe and perform all of the Lessee covenants and comply with the terms and conditions contained in the Lease, (3) expressly agrees and understands that the proposed

assignment or sale is subject to the rights, title and interests of the United States and VA under the Lease; (4) is not, and to the best of its knowledge any of its principals are not, presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency and have not, within a three (3) year period preceding the date of certification, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a Federal, state or local government contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, tax evasion, or receiving stolen property; and are not presently indicted for, or otherwise criminally or civilly charged by a Government entity with commission of any of these offenses; and (5) does not pose a safety or security risk as determined by the Secretary of State, including but not limited to any person who either represents a country that, or is a member of or provides political, financial, or military support to a group that is listed in the most current "Patterns of Global Terrorism" report, issued by the Secretary of State in compliance with 22 U.S.C. 2656f(a), available from the Superintendent of Documents, U.S. Government Printing Office, Washington D.C. 20402 and also available at <http://www.state.gov/j/ct/rls/crt/>;

(b) the Leasehold Mortgagee's determination that the Successor has at least three (3) years of prior relevant experience successfully operating and maintaining projects similar to that of the Project;

(c) the Leasehold Mortgagee's determination that the Successor has an adequate financial history and profile (net worth, cash flow, and credit support) to successfully meet the financial commitments of the Project and the Lease's terms and conditions; and

(d) the Leasehold Mortgagee's providing of a written certification to VA within five (5) business days before such assignment or sale confirming that the Successor is a Qualified Party.

Notwithstanding anything to the contrary contained elsewhere herein, a Leasehold Mortgagee may foreclose upon its Leasehold Mortgage and acquire the Property at such foreclosure, either directly or through a nominee, without the consent or approval of the Department, subject to the requirements of Article 20, Section F.1 of the Lease; provided, however, that prior to commencing such foreclosure, VA has certified via estoppel certificate or otherwise that the Leasehold Mortgagee or nominee satisfies the requirements of Article 20.F.1.

2. The Department shall give each Leasehold Mortgagee prompt written notice of the termination of this Lease. Within thirty (30) calendar days after the Department gives each Leasehold Mortgagee notice of the termination of this Lease (including, if permissible given applicable Federal, State, and local laws, regulations, and proceedings, any termination of this Lease in connection with any bankruptcy or similar proceeding), VA agrees to amend this Lease or execute a Replacement Lease upon the same terms and conditions hereof ("Replacement Lease") with a Leasehold Mortgagee or Successor who requests such Replacement Lease and complies with the provisions of this Paragraph 2, including subparagraphs "a" through "b" immediately below. Should two or more Leasehold Mortgagees request to enter into a Replacement Lease pursuant to this Paragraph, the most senior Leasehold Mortgagee in possession will have the first right to enter into the Replacement Lease with the Department.

(a) The Replacement Lease shall be for the remaining Term effective as of the effective date of the termination of this Lease, but with the same right of extension as provided in the Lease, and at the same rent, and additional rent or consideration, if any, and upon the same terms, covenants and conditions (including all options to renew but excluding such terms, covenants and conditions that shall have already been fulfilled) of this Lease.

(b) In the event that the Successor enters into the Replacement Lease, the Successor shall pay or cause to be paid to the Department any and all sums which at the time of execution and delivery thereof are due it under this Lease and in addition, all reasonable expenses, including reasonable attorneys' fees which the Department shall have incurred by reason of the actual or deemed termination of this Lease and the preparation, execution and delivery of the Replacement Lease.

## **ARTICLE 21 - TAXES**

A. The Department's interest in this Lease, and the United States' fee interest in the Property shall not be subject, directly or indirectly, to any State or local laws relative to taxation, fees, assessment(s) or special assessments.

B. Lessee shall pay and discharge, at least thirty (30) calendar days prior to delinquency, all taxes, general and special assessments, charges, and fees of every description that during the Term may be levied or assessed against the Property and all interests therein, whether belonging to the Department or Lessee, or to which either of them may become liable in relation thereto prior to the delinquency date thereof. Lessee agrees to protect and hold harmless the Department and the Property and all improvements in, on, or about the same from all liability for any and all such taxes, assessments, charges, and fees, together with any interest, penalties, or other sums thereby imposed, and from any sale or other proceeding to enforce payment thereof. During the Term and at its sole cost and if the Department so requests, Lessee shall cause all taxes, assessments, charges, and fees levied or imposed upon any personal property situated in, on, or about the Property to be taxed or assessed separately from the Property and not as a lien thereon.

C. It is understood that it is the intent of the Parties that this be an absolute net Lease, and that the Department shall not be obligated to pay any charges, impositions, or assessments directly or indirectly made against the Property during the term hereof.

D. In the event that Lessee is not required to make deposits on account of real estate taxes with the holder of any mortgage permitted by Article 20 of the Lease, and in the event that Lessee fails at any time during the Term to pay real estate taxes when due, then the Department shall have the right upon written notice to the Lessee, to require that Lessee deposit negotiable securities or other collateral to guarantee the payment of such taxes, so that there shall be sufficient sums available to pay same at least thirty (30) calendar days prior to the due date of such taxes.

## **ARTICLE 22 - EVENTS OF DEFAULT BY LESSEE**

A. Each of the following actions or omissions by Lessee shall be considered an event of default by Lessee ("Event of Default"):

1. Lessee fails to use its leasehold interest obtained pursuant to this Lease and the Property in a manner consistent with Article 7, and such failure remains uncured following ninety (90) calendar days written notice from the Department.

2. Commencement of Construction has not begun within one hundred twenty (120) calendar days after the Effective Date. Such date may be extended by events of Force Majeure or by mutual written agreement of the Lessee and DVR.

3. The Facility and related Improvements are not substantially completed within twenty-six (26) months after the Effective Date, in a good and workmanlike manner and pursuant to the Development Plan referenced in Article 10.A. Such date may be extended by events of Force Majeure or by mutual written agreement of the Lessee and DVR.

4. Lessee fails to pay any monetary obligation due under the provisions of this Lease and such failure continues for a period of forty-five (45) calendar days after the Department gives written notice to Lessee that the same is due and payable.

5. Except for all other Lessee Events of Default expressly covered in the other Paragraphs of this Article 22, if Lessee (or any permitted assignee or transferee in accordance with Articles 19 and 20) fails to perform any non-monetary obligation, representation, consideration, covenant or condition, to be performed under this Lease, and such failure is not cured within a period of ninety (90) calendar days after Lessee's receipt of written notice from the Department describing the default, or if such default cannot reasonably be cured within ninety (90) calendar days (as determined by VA in its reasonable discretion), then the time within which Lessee may remedy such default shall be extended by VA for such period time, not to exceed one hundred twenty (120) calendar days, as is reasonably necessary to complete a cure with continual due diligence).

6. The failure or refusal of Lessee to discharge any lien, claim, demand, or encumbrance, or to initiate appropriate action, to quiet any such claim within the time specified in Article 20.A, whether or not the Department exercises its right of discharge, or the failure or refusal of Lessee to make timely repayment to the Department of those sums expended to effectuate such discharge.

7. Lessee is (or becomes) adjudicated bankrupt or insolvent or shall make a transfer in fraud of creditors, or make an assignment for the benefits of creditors, or bring or have brought against Lessee any action or proceeding of any kind under any provision of the federal Bankruptcy Act or under any other insolvency, bankruptcy, or reorganization act, and an involuntary case is filed hereunder against Lessee and the case is not dismissed within one hundred eighty (180) calendar days.

8. Lessee fails to comply with Article 6.B.24 of this Lease.

9. Notwithstanding any provision to the contrary contained in this Lease, and any cure or other rights of the Lessee or Leasehold Mortgagees, the Lessee acknowledges and agrees this Lease is fully contingent upon the Lessee obtaining, closing, and third party funding the Initial Financing to finance the rehabilitation of the improvements of the Project within sixty (60) calendar days from Effective Date of the Lease. If the Initial Financing is not obtained, closed,

and funded within sixty (60) calendar days from the Effective Date of the Lease (plus any additional time that VA may agree to in writing at its sole discretion), VA may, immediately terminate this Lease, by delivering to the Lessee, any Leasehold Mortgages previously identified to VA in accordance with this Lease, with a written notice of VA's decision to immediately terminate the Lease. Upon VA's issuance of such notice, this Lease shall immediately terminate, and VA and the Lessee shall have no further obligations or liabilities to any party under this Lease.

#### **ARTICLE 23 - REMEDIES FOR DEFAULT BY LESSEE**

A. Subject to Articles 20 and 25, upon the occurrence of an Event of Default by Lessee, and subject to any notice and cure rights under this Lease, the Department may exercise any right, remedy or privilege, which may be available to it under this Lease or under applicable local, State or Federal law. All remedies shall be cumulative and the election of one shall not preclude the exercise of another, at the same time or subsequently. Failure to exercise a remedy shall not constitute a waiver thereof. Lessee shall remain liable to the extent permitted by law with respect to all covenants and indemnities of this Lease. Additionally, upon the occurrence of an Event of Default by Lessee of this Lease, and Lessee's failure to cure or to commence to cure, within any applicable cure period, the Department may, subject to and in accordance with Articles 15, 20, and 25, immediately seek to terminate this Lease and recover its damages. Upon the Department's successful termination of the Lease, Lessee shall be immediately required pursuant to Article 15, to surrender possession of the Property, together with all Improvements located thereon, to the Department, and cooperate fully and in good faith to effect an orderly and efficient transition of the Property.

B. **No Termination for Convenience.** The Department shall have no right to unilaterally terminate this Lease for convenience.

#### **ARTICLE 24 - EVENTS OF AND REMEDIES FOR DEFAULT BY THE DEPARTMENT**

A. An Event of Default by the Department shall occur upon its failure to perform or observe any covenant or condition required by this Lease to be performed or observed, and such failure is not cured within ninety (90) calendar days after the Department's receipt of written notice thereof, provided that such cure period shall be extended by Lessee for an additional thirty (30) calendar days if such default cannot be reasonably cured within ninety (90) calendar days and the Department is diligently attempting to cure the default.

B. Upon default by the Department, and the Department's failure to cure or to commence to cure, within the applicable cure period, Lessee may immediately seek to terminate this Lease and recover its damages in accordance with Article 25 hereto, and/or may exercise any other right, remedy, or privilege that may be available to it under this Lease or applicable Federal, State, or local law.

#### **ARTICLE 25 - DISPUTES**

A. Lessee and the Department acknowledge and agree that disputes under this Lease shall be resolved under the Contract Disputes Act of 1978 (41 U.S.C. Sec. 601-613) (the "Disputes Act"), and that both Lessee and the Department will utilize Alternative Dispute Resolution procedures on all matters appealed by Lessee to the VA Board of Contract Appeals (including its successor,

the Civilian Board of Contract Appeals, effective January 6, 2007, and any successor authority thereto), to the extent permitted under the Disputes Act, unless the Parties then should otherwise agree.

B. In the event that the Disputes Act is not available or permissible under applicable law to resolve a dispute under this Lease, Lessee and the Department shall, to the extent permitted by applicable law and regulation, resolve the dispute by arbitration. In that regard, the arbitration shall take place in Washington, D.C. unless the Department and Lessee otherwise agree in writing.

C. Interest Payable. Regardless of whether the dispute is resolved under the Disputes Act or otherwise, if the claim is resolved in favor of Lessee the Department shall pay interest in accordance with the Prompt Payment Act, 31 U.S.C. Section 3901, et seq.

D. Unless and until the Department otherwise agrees in writing, Lessee shall proceed diligently with performance of this Lease pending final resolution of any request for relief, claim, appeal or action arising under or relating to the Lease.

#### **ARTICLE 26 -LEASE SUBJECT TO GENERAL PROVISIONS**

This Lease and Lessee's occupancy of this Property shall be subject to the terms and conditions of the General Provisions attached hereto and by the reference made part of this Lease.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the Parties hereto have hereunto subscribed their names as of the date first above written.

**BUILDING 205 HOLDINGS, LLC**  
**Enhanced-Use Lessee**

BUILDING 205 HOLDINGS, LLC, a California limited liability company  
Veterans Housing Partnership, LLC, a California limited liability company

By: Andrew Meyers Abdo-Whahab

Name: Andrew Meyers Abdo-Whahab

Its: Andrew Meyers Abdo-Whahab

Communities For A Better Life, a California nonprofit public benefit corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS**  
**Enhanced-Use Lessor**

By: Jon R. Rychalski

Name: Jon J. Rychalski

Title: Assistant Secretary for Management and Chief Financial Officer

[General Provisions to Follow]



IN WITNESS WHEREOF, the Parties hereto have hereunto subscribed their names as of the date first above written.

**BUILDING 205 HOLDINGS, LLC**  
**Enhanced-Use Lessee**

BUILDING 205 HOLDINGS, LLC, a California limited liability company  
Veterans Housing Partnership, LLC, a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Communities For A Better Life, a California nonprofit public benefit corporation

By:  \_\_\_\_\_

Name: EMERSON BOYD ESTERS

Its: Chair

**THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS**  
**Enhanced-Use Lessor**

By: \_\_\_\_\_

Name: Jon J. Rychalski

Title: Assistant Secretary for Management and Chief Financial Officer

**[General Provisions to Follow]**

## **GENERAL PROVISIONS**

### **ARTICLE 27 - ASSIGNMENT OF CLAIMS**

A. Lessee, under the Assignment of Claims Act, as amended, 31 U.S.C. § 3727, 41 U.S.C. § 15, 48 C.F.R. § 32.800, and all applicable regulations promulgated thereunder (hereafter referred to as "the Act"), may assign its rights to be paid amounts due or to become due as a result of the performance of this Lease in accordance with the Act.

B. Any assignment or reassignment authorized under the Act and this Article shall cover all unpaid amounts payable under this Lease and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this Lease.

### **ARTICLE 28 - EQUAL OPPORTUNITY CLAUSE**

A. If, during any twelve (12) month period (including the twelve (12) months preceding the award of this Lease), Lessee has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, Lessee shall comply with subparagraphs B(1) through (8) below. Upon request, Lessee shall provide information necessary to determine the applicability of this clause.

B. During performance of this Lease, Lessee agrees as follows:

1. Lessee shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin.

2. Lessee shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex or national origin. This shall include but not be limited to: (a) employment; (b) upgrading; (c) demotion; (d) transfer; (e) recruitment or recruitment advertising; (f) layoff or termination; (g) rates of pay or other forms of compensation; and (h) selection for training, including apprenticeship.

3. Lessee shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Secretary that explain this clause.

4. Lessee shall, in all solicitations or advertisement for employees placed by or on behalf of Lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

5. Lessee shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, notice to be provided by the Secretary advising the labor union or workers' representative of Lessee's commitments under this clause and post copies of the notice in conspicuous places available to employees and applicants for employment.

6. Lessee shall comply with Executive Order 11246, as amended, and the rules, regulations and orders of the Secretary of Labor.

7. Lessee shall furnish to the Secretary all information required by Executive Order 11246, as amended, and by the rules, regulations and orders of the Secretary of Labor. Standard Form 100 (EEO-1), or any successor form, is the prescribed form to be filed within thirty (30) calendar days following the award, unless filed within twelve (12) months preceding the date of award.

8. Lessee shall permit access to its books, records and accounts by the contracting agency or the Office of Federal Contract Compliance Programs (OFCCP) for the purpose of investigation to ascertain Lessee's compliance with the applicable rules, regulations and orders.

C. If the OFCCP determines that Lessee is not in compliance with this clause or any rule, regulation or order of the Secretary of Labor, this Lease may be canceled, terminated or suspended in whole or in part, and Lessee may be declared ineligible for further Department contracts, under the procedures authorized in Executive Order 11246, as amended, the rules regulations and orders of the Secretary of Labor, or as otherwise provided by law.

D. Lessee shall include the terms and conditions of Section 28.B.1-8 in every subcontract or purchase order that is not exempted by the rules, regulations or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

E. Lessee shall take such actions with respect to any subcontract or purchase order as the Department may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance; provided, that if Lessee becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, Lessee may request the Department to enter into the litigation to protect the interests of the United States.

F. Notwithstanding any other clause in this Lease, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.

## ARTICLE 29 - FACILITIES NONDISCRIMINATION

A. **Facility Defined.** As used in this Article, the term "facility" means stores, shops, restaurants, cafeterias, restrooms and any other facility of a public nature in the building in which the space covered by this Lease is located.

B. **Non-Discrimination by Lessee.** Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, color, religion, sex or national origin in furnishing, or by refusing to furnish, to such person or persons the use of any facility, including any and all services, privileges, accommodations and activities provided thereby. Nothing herein shall require the furnishing to the general public of the use of any facility customarily furnished by Lessee solely to occupants, their employees, customers, patients, clients, guests and invitees.

C. **Remedies for Non-Compliance.** It is agreed that upon Lessee's noncompliance, the Department may take appropriate action to enforce compliance, may terminate this Lease or may pursue such other remedies as may be provided by law.

D. **Inclusion of Article In Other Contracts.** It is further agreed that from and after the date hereof Lessee will, at such time as any agreement is to be entered into or a concessions is to be

permitted to operate, include or require the inclusion of the foregoing provisions of this Article in every such agreement or concession pursuant to which any person other than Lessee operates or has the right to operate any facility. Nothing herein contained, however, shall be deemed to require Lessee to include or require the inclusion of the foregoing provisions of this Article in any existing agreement or concession arrangement or one in which the leasing party other than Lessee has the unilateral right to renew or extend the agreement or arrangement, until the expiration of the existing agreement or arrangement and unilateral right to renew or extend. Lessee also agrees that it will take any and all lawful actions as expeditiously as possible, with respect to any such agreement as the Department may direct, as a means of enforcing the intent of this Article, including but not limited to termination of the agreement or concession and institution of court action.

### **ARTICLE 30 - GRATUITIES**

A. Subject to Article 20, the rights of Lessee under this Lease may be terminated by written notice if, after notice and a hearing, the Secretary determines that Lessee, its agent or another representative:

1. Offered or gave a gratuity (e.g., an entertainment or gift) to an officer, official or employee of the Department; and
2. Intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

The facts supporting this determination may be reviewed by any court having lawful jurisdiction.

B. If this Lease is terminated under Article 30.A above, the Department is entitled to pursue the same remedies as in a breach of this Lease. The rights and remedies of the Department provided in this Section 30.B shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Lease.

### **ARTICLE 31 - COVENANT AGAINST CONTINGENT FEES**

A. Lessee warrants that no person or selling agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding, for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide agency as defined in 48 C.F.R. § 3.401. For breach or violation of this warranty, the Department shall have the right to cancel this Lease without liability or, in its discretion, to deduct from the rental or consideration or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

1. "Contingent fee," as used in this clause, means any commission, percentage, brokerage or other fee that is contingent upon the success that a person or concern has in securing a Department contract.

### **ARTICLE 32 - EXAMINATION OF RECORDS BY COMPTROLLER GENERAL**

#### **A. Rights of the Comptroller General and Its Authorized Representatives**

1. The Comptroller General of the United States or a duly authorized representative from the Government Accountability Office shall, until three (3) years after final payment under this Lease, have access to and the right to examine any of Lessee's directly pertinent books, documents, papers

or other records involving transactions related to this Lease, provided that such records are then in existence. This paragraph may not be construed to require Lessee or its subcontractors to create or maintain any record that the Lessee or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.

2. Lessee agrees to include in its first-tier subcontracts regarding the Project a clause to the effect that the Comptroller General or a duly authorized representative from the Government Accountability Office shall, until three (3) years after final payment under the subcontract, have access to and the right to examine any of the subcontractor's existing directly pertinent books, documents, papers or other records involving transactions related to the subcontract. "Subcontract," as used in this clause, excludes: (a) purchase orders not exceeding \$100,000; and (b) subcontracts or purchase orders for public utility services at rates established to apply uniformly to the public, plus any applicable reasonable connection charge.

3. The periods of access and examination in Paragraphs 1 and 2 above for records relating to: (a) appeals under the Disputes clause, (b) litigation or settlement of claims arising from the performance of this Lease, or (c) costs and expenses of this Lease to which the Comptroller General or a duly authorized representative from the Government Accountability Office has taken exception, shall continue until such appeals, litigation, claims or exceptions are disposed of.

**B. Rights of the Department of Veterans Affairs**

1. Upon receipt of a written request from the Department, Lessee shall grant to the Department access to Lessee's pertinent books, documents, papers or other records involving transactions directly related to this Lease for purposes of examination and audit. Such access by the Department for purposes of examination and audit shall be limited to Business Documents dated within three (3) years prior to the date of Lessee's receipt of the Department's written request. The Department shall control and safeguard all information obtained during such examination and audit in accordance with the Freedom of Information Act, 5 U.S.C. Section 552 and the Privacy Act, 5 U.S.C. Section 552a. Lessee shall grant all other access for examination and audit to pertinent Lessee or sublessee Business Documents in accordance with applicable law.

2. Lessee agrees to include in any subleases under this Lease a clause to the effect that the Department shall have access to and the right to examine any of the sublessee's Business Documents to the same extent as provided in Paragraph 1 of this Article with respect to Lessee.

3. The right of the Department to examine Lessee's Business Documents shall be limited to the following matters in which VA is a party or has an interest hereunder: (a) payment, performance, and/or provision of the monetary and/or in-kind consideration, as applicable, which is to be provided to, on behalf of, or for the benefit of, the Department, and/or claims or disputes under the "Disputes" clause of this Lease; (b) litigation or settlement of claims or disputes arising from the performance of this Lease in which VA is a party, or (c) costs and expenses of this Lease to which the Comptroller General or a duly authorized representative of the General Accounting Office has taken exception, and shall continue until such appeals, litigation, claims or exceptions are disposed of.

4. The Parties understand and agree that nothing in this Section B is intended or may be construed as a qualification, waiver, bar, limitation or restriction of any nature, kind, or effect on the legal authority otherwise granted the United States or any agency thereof to access, examine,

review, copy, or seize such books, documents, papers or other records.

### **ARTICLE 33 - LABOR PROVISIONS**

Unless the Lessee can demonstrate to the satisfaction of the Department that the Lease or the Project is exempt therefrom, Lessee shall comply with the requirements of the Davis-Bacon Act, as amended, 40 U.S.C. Section 3141, et seq. and the relevant rules, regulations and orders of the Secretary of Labor applicable thereto.

### **ARTICLE 34 - HAZARDOUS SUBSTANCES**

A. **Presence and Use of Hazardous Substances.** Lessee shall not, without the Department's prior written consent, keep on or around the Property, for use, disposal, treatment, generation, storage, or sale, any substance designated as, or containing components designated as, hazardous, dangerous, toxic, or harmful under Federal, state or local law (hereafter collectively referred to as "Hazardous Substances"), and/or that is subject to regulation, by Federal, state or local law, regulation statute or ordinance except as may be customary in projects similar to the Property and in compliance with all applicable laws. With respect to any such Hazardous Substance, Lessee shall:

1. Comply promptly, timely, and completely with all governmental requirements for reporting, keeping, and submitting manifests, and obtaining and keeping current identification numbers with respect to any Hazardous Substances first brought upon the Property from and after the date hereof;

2. Submit to the Department true and correct copies of all reports, manifests, and identification numbers with respect to any Hazardous Substances first brought upon the Property from and after the date hereof at the same time as they are required to be and/or are submitted to the appropriate governmental authorities;

3. Within sixty (60) calendar days of the Department's request, submit written reports to the Department regarding Lessee's use, storage, treatment, transportation, generation, disposal, or sale of Hazardous Substances first brought upon the Property from and after the date hereof and provide evidence satisfactory to the Department of Lessee's compliance with the applicable governmental regulations with respect to any Hazardous Substances first brought upon the Property from and after the date hereof;

4. Allow the Department or the Department's agent or representative to come on the Property at all reasonable times with reasonable prior notice to check Lessee's compliance with all applicable governmental regulations regarding Hazardous Substances for which Lessee is responsible under the terms of this Lease;

5. Comply with minimum levels, standards or other performance standards or requirements that may be set forth or established for certain Hazardous Substances (if minimum standards or levels are applicable to Hazardous Substances present on the Property, such levels or standards shall be established by an on-site inspection by the appropriate governmental authorities and shall be set forth in an addendum to this Lease);

6. Comply with all applicable governmental rules, regulations, and requirements regarding the proper and lawful use, sale, transportation, generation, treatment, and disposal of Hazardous Substances; and

7. The Department shall have the right upon reasonable prior written notice and at reasonable times to enter upon the Property in order to inspect or monitor same if the Department has a reasonable belief that Hazardous Substances are present on the Property in violation of applicable law. If such inspection or monitoring by the Department confirms that Hazardous Substances are present and are in violation of applicable law, any and all reasonable costs incurred by the Department and associated with the Department's inspection of the Property and the Department's monitoring of Lessee's compliance with this Article, including the Department's reasonable attorney's fees and costs, shall be additional rent and shall be due and payable to the Department immediately upon demand by the Department.

B. **Cleanup Costs, Default, and Indemnification.** During the Term, Lessee shall be fully and completely liable to the Department for any and all cleanup costs, and any and all other charges, fees, and penalties (civil and criminal) imposed upon the Department by any governmental authority with respect to any use(s) of the Property after the Effective Date of this Lease related to disposal, transportation, generation, and/or sale of Hazardous Substances; provided, that liability and obligation by Lessee shall apply only to Hazardous Substances first brought upon the Property from and after the date hereof. Lessee shall indemnify, defend, and save the Department harmless from any and all of the costs, fees, penalties, and charges assessed against or imposed upon the Department (as well as the Department's reasonable attorney's fees and costs) as a result of Lessee's use, disposal, transportation, generation, and/or sale of Hazardous Substances at the Property as described herein. Upon Lessee's default under this Article and the expiration of the applicable notice and cure periods set forth in Article 22 above, in addition to the rights and remedies set forth elsewhere in this Lease, the Department shall be entitled to the following rights and remedies:

1. At the Department's option, to terminate this Lease immediately; and/or
2. To recover any and all damages associated with the default, including, but not limited to cleanup costs and charges, civil and criminal penalties and fees, loss of business and sales by tenants of the Property, any and all damages and claims asserted by third parties and the Department's reasonable attorney's fees and costs.

### **ARTICLE 35 - MISCELLANEOUS PROVISIONS**

A. **Complete Agreement and Conflicts.** This Lease and the Exhibits hereto contain the entire agreement between the Parties with respect to the transactions contemplated by this Lease, and supersede all previous oral and written and all contemporaneous oral negotiations, commitments, writings and understandings. To the extent any wording or interpretation conflicts exist between the body of the Lease and its Exhibits, the Lease shall control.

B. **Counterparts.** This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument.

C. Amendment; Waiver. This Lease may not be amended or modified except in a writing signed by Lessee and the Department, nor may any rights hereunder be waived except by a writing signed by the party waiving such rights.

D. Article Headings. The headings contained in this Lease are for reference purposes only and shall not affect in any way the meaning or interpretation of this Lease. When a provision, article, section or other provision of this Lease is referred to by number, the reference shall be deemed to be the correspondingly-numbered provision, article, section, or provision of this Lease unless another agreement, instrument or document is expressly identified, or unless the context otherwise clearly refers to another agreement, instrument or document.

E. Severability. Any provision of this Lease which is invalid, illegal or unenforceable in any applicable jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions hereof in such jurisdiction or rendering that or any other provision of this Lease invalid, illegal or unenforceable in any other jurisdiction.

F. Third Party Beneficiaries. No Person, firm or corporation that is not a party to this Lease shall be entitled to rely on or be deemed to be accorded any rights under any provision of or statement in this Lease.

G. Governing Law. This Lease shall be governed by and enforced in accordance with the laws of the United States and, to the extent such laws do not apply, then by the laws of the State of California without regard to its principles of conflicts of law.

H. Interpretation. Whenever the context or circumstance so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both genders. The Department and Lessee have negotiated this Lease, have had an opportunity to be advised by legal counsel respecting the provisions contained herein and have had the right to approve each and every provision hereof. Therefore, this Lease shall not be construed against either the Department or Lessee as a result of the preparation of this Lease by or on behalf of either party.

I. Survival. All monetary obligations (together with any late payment interest payable under the Prompt Payment Act – 31 U.S.C. § 3901, et seq.) accruing before expiration of the Term shall survive the expiration or other termination of this Lease.

J. No Merger. There shall be no merger of this Lease or the leasehold estate created by this Lease with any other estate or interest in the Property by reason of the fact that the same person or entity may acquire, hold or own directly or indirectly: (a) this Lease, the leasehold interest created by this Lease or any interest therein; and (b) any such other estate or interest in the Property, or any portion thereof. No merger shall occur unless and until all persons and entities having an interest (including a security interest) in this Lease or the leasehold estate created thereby and any such other estate or interest in the Property, or any portion thereof, shall join in a written instrument expressly effecting such merger and shall duly record the same.



K. Relationship of the Parties. This Lease does not create the relationship of principal and agent, partnership, joint venture, association or any other relationship between the Department and Lessee.

L. Recording. This Lease shall not be recorded. The Department and Lessee, however, shall execute the Memorandum of Lease attached hereto as Exhibit "G", and Lessee at its sole cost and expense is hereby permitted to record such memorandum in the official land records of the County of Los Angeles (or other appropriate land recording office).

M. Signage. No signage shall be installed or constructed on or over the Property except to the extent identified in a signage plan to be included as part of the Design Plan (Exhibit "C") or Development Plan (Exhibit "D") and approved by VA in accordance with Article 10, or otherwise approved by VA in writing. Such approvals shall not be unreasonably withheld, conditioned, or delayed.

N. Lease Supersedes. This Lease supersedes any and all prior negotiations, agreements or understandings between the Department and Lessee related to the subject matter hereof. None of the provisions of this Lease may be altered or modified except through an instrument in writing signed by the Parties.

O. Force Majeure. Neither of the Parties to this Lease, i.e., the Department nor Lessee, shall be required to perform any of its obligations under this Lease, nor be liable for loss or damage for failure to do so, with the exception of the obligation for payment of Rent or other sums due and owing under this Lease, where such failure arises from Force Majeure, but only to the extent and for the duration that the Department or Lessee, as the case may be, is so prevented from performing such obligations by Force Majeure. Further, and without limiting the generality of the foregoing, any period afforded to a party or within which a party is required under the terms and conditions of the Lease to perform an obligation of this Lease shall be extended by (1) the actual applicable period of Force Majeure; and (2) any period during which a party was prevented from performing any such obligation as a direct result of failure by the other party to commence or complete a specific activity or activities that the Lease requires be commenced or completed as a condition precedent to such performance of such obligation.

P. Non-Recourse. The Parties agree that VA's and Lessee's respective recourse against each other under this Lease shall be limited by and to the extent of applicable Federal, State, and local law.

Q. Anti-Deficiency Act. Consistent with the Anti-Deficiency Act (codified as amended in 31 U.S.C. 1341, 1342, 1351, and 1517), any payments of VA with respect to this Lease shall not exceed appropriations available to VA which can be lawfully expended for such purposes at the time of the claim; and nothing in this Lease may be construed as implying that Congress will at a later date appropriate funds to meet any deficiencies.

R. Confidential Data.

1. Lessee hereby agrees that the creation, maintenance, use, disclosure, and disposal of any and all drawings, documents, records, data, and written information provided by VA to Lessee during the Term, if any, (collectively, the "VA Data"), shall be governed solely by all applicable Federal law, Executive Orders, and regulations. Lessee further agrees that the VA Data

shall at all times constitute and remain the sole and absolute property of VA, and shall not be disclosed to any person (aside from the Lessee's permitted contractors under this Lease, if any, where necessary to perform the Lease) without the prior written authorization of VA. Furthermore, Lessee agrees to and shall immediately contact VA telephonically and in writing should any request be made by a third party (aside from Lessee's permitted contractors and subcontractors under this Lease) for copies of or to review or receive any VA Data in the Lessee's (and/or any of its contractors') possession and control. Under all circumstances, VA shall be responsible for and permitted to independently and unilaterally address any such requests as it deems appropriate. Lessee shall ensure that all agreements with its contractors (and any agreements such contractors may have with any subcontractors) incorporate this Clause (1) and make it applicable to such contractors and subcontractors.

2. VA hereby agrees that any drawings, documents, records, data, and written information provided by Lessee to VA during the Term, if any (collectively, the "Lessee Data"), shall be kept, maintained, and handled by VA as such according and subject to all applicable Federal law, Executive Orders, and regulations. Furthermore, VA agrees to and shall contact Lessee telephonically and in writing should any request be made by a third party outside of VA ("Third Party") for copies of or to review or receive any Lessee Data in VA's possession and control, unless such Third Party making the request is officially doing so on behalf of the Executive branch; the United States Congress; the General Accountability Office; the Federal Bureau of Investigations; the VA Office of Inspector General; or a Federal court.

3. The Parties hereby agree that the understandings and obligations set forth in this Section R shall control during and shall survive the Term, notwithstanding any contrary confidential obligations, statements, or representations that may be contained in VA Data or Lessee Data submitted, as applicable, by VA to Lessee or vice versa.

S. Estoppel Certificates. Either the Department or Lessee, may request the other party to execute, and deliver to the requesting party, and any existing and prospective leasehold mortgagees and investors identified in such request, an Estoppel Certificate certifying that this Lease is unmodified (or stating any modifications that are in existence) and in full force and effect, and that no default currently exists on the part of the non-requesting party (or specifying the nature of any default that does exist), and containing such other factual certifications as the other party may reasonably request. The party receiving such request shall deliver such estoppel within twenty (20) days of receipt of such request.

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**EXHIBIT "A"**

**LEGAL DESCRIPTION**

## EXHIBIT 'A'

## LEASE LEGAL DESCRIPTIONS

## PARCEL 205 (WEST LA EUL BUILDING 205)

THOSE PORTIONS OF THE RANCHO SAN VICENTE Y SANTA MONICA SHOWN ON MAP RECORDED IN BOOK 3, PAGES 30 AND 31 OF PATENTS, TOGETHER WITH THOSE PORTIONS OF THE RANCHO SAN VICENTE Y SANTA MONICA KNOWN AS VILLA FARMS, SHOWN ON MAP RECORDED IN BOOK 70, PAGES 54 THROUGH 56, INCLUSIVE, OF MISCELLANEOUS RECORDS, AND TOGETHER WITH THOSE PORTIONS OF THE SANTA MONICA LAND AND WATER COMPANY TRACT, SHOWN ON MAP RECORDED IN BOOK 78, PAGES 44 THROUGH 49, INCLUSIVE, OF MISCELLANEOUS RECORDS, ALL IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ALL RECORDS OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHERLY TERMINUS OF THAT PARTICULAR COURSE WITH A BEARING AND DISTANCE OF "NORTH 35° 23' 45" EAST 1,466.30 FEET", AS SHOWN ON THAT RECORD OF SURVEY FILED IN BOOK 282 PAGES 19 THROUGH 23 INCLUSIVE, OF RECORDS OF SURVEYS, IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG SAID COURSE NORTH 35° 23' 45" EAST 995.51 FEET; THENCE LEAVING SAID COURSE SOUTH 54° 36' 15" WEST 252.17 FEET; THENCE SOUTH 18° 08' 51" EAST 186.54 FEET; THENCE SOUTH 27° 41' 05" EAST 39.36 FEET; THENCE SOUTH 33° 51' 07" EAST 52.03 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 83.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 49° 05' 19" AN ARC LENGTH OF 71.11 FEET TO A TANGENT LINE; THENCE ALONG SAID TANGENT LINE SOUTH 15° 14' 12" WEST 100.47 FEET; THENCE SOUTH 18° 23' 00" WEST 49.02 FEET; THENCE SOUTH 22° 25' 59" WEST 27.04 FEET; THENCE SOUTH 38° 24' 38" WEST 15.09 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 22.70 FEET; THENCE ALONG SAID CURVE SOUTHWESTERLY, WESTERLY, AND NORTHWESTERLY THROUGH A CENTRAL ANGLE OF 80° 01' 10" AN ARC LENGTH OF 31.70 FEET TO A POINT OF REVERSE CURVATURE WITH A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 1,150.85 FEET, A RADIAL BEARING OF SAID NON-TANGENT CURVE AT SAID POINT BEARS N31° 48' 07" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 7° 25' 49" AN ARC LENGTH OF 149.25 FEET TO A POINT HAVING A RADIAL BEARING OF SOUTH 24° 22' 18" WEST, THENCE CONTINUING ALONG SAID CURVE NORTHWESTERLY THROUGH A CENTRAL ANGLE OF 3° 48' 13" AN ARC LENGTH OF 76.40 FEET TO A POINT OF COMPOUND CURVATURE WITH A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 810.00 FEET, A RADIAL BEARING OF SAID CURVES AT SAID POINT BEARS SOUTH 20° 34' 05" WEST; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 3° 45' 05" AN ARC LENGTH OF 53.03 FEET TO THE TRUE POINT OF BEGINNING OF THE HEREIN DESCRIBED LEASE PARCEL, A RADIAL BEARING OF SAID CURVE AT SAID POINT BEARS NORTH 16° 49' 00"

DATE: MAY 9, 2018  
 THOM. GDE: 631-H3  
 FILE: 3630-LGL.DWG  
 PROJECT NO: 3630

**HENNON**  
**Surveying & Mapping, Inc.**

601 E. GLENOAKS BLVD., SUITE 208  
 GLENDALE, CALIFORNIA 91207  
 (818)243-0640  
 FAX: (818)243-0650

## EXHIBIT 'A'

EAST; THENCE LEAVING SAID CURVE NORTH 11° 23' 31" WEST 20.45; THENCE NORTH 15° 47' 32" EAST 138.22 FEET; THENCE NORTH 38° 20' 11" WEST 133.24 FEET; NORTH 29° 03' 07" WEST 136.84 FEET; THENCE SOUTH 76° 16' 46" WEST 37.55 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 120.70 FEET; THENCE ALONG SAID CURVE SOUTHWESTERLY AND SOUTHERLY THROUGH A CENTRAL ANGLE OF 60° 17' 29" AN ARC LENGTH OF 120.70 FEET TO A TANGENT LINE; THENCE ALONG SAID TANGENT LINE SOUTH 15° 59' 17" WEST 209.30 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 36.73 FEET; THENCE ALONG SAID CURVE SOUTHWESTERLY, EASTERLY AND NORTHEASTERLY THROUGH A CENTRAL ANGLE OF 179° 50' 39" AN ARC LENGTH OF 115.28 FEET TO A POINT ON A NON-TANGENT LINE, A RADIAL BEARING OF SAID CURVE AT SAID POINT BEARING SOUTH 74° 02' 51" EAST; THENCE ALONG SAID NON-TANGENT LINE SOUTH 74° 28' 50" EAST 12.18 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 24.60 FEET, A RADIAL POINT TO SAID CURVE AT SAID POINT BEARS NORTH 87° 09' 17" WEST; THENCE ALONG SAID CURVE SOUTHERLY, SOUTHEASTERLY, AND EASTERLY THROUGH A CENTRAL ANGLE OF 88° 39' 10" AN ARC LENGTH OF 38.06 FEET TO A TANGENT LINE; THENCE ALONG SAID TANGENT LINE SOUTH 85° 46' 33" EAST 8.78 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 960.04 FEET; THENCE ALONG SAID CURVE EASTERLY THROUGH A CENTRAL ANGLE OF 3° 14' 33" AN ARC LENGTH OF 54.33 FEET TO A TANGENT POINT OF COMPOUND CURVATURE WITH THE WESTERLY PROLONGATION OF THAT CERTAIN HURLIN DESCRIBED CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 810.00 FEET, SAID CURVE PASSING THROUGH SAID TRUE POINT OF BEGINNING; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9° 21' 00" AN ARC LENGTH OF 132.18 FEET TO SAID TRUE POINT OF BEGINNING.

CONTAINING 80,227 SQUARE FEET, OR 1.842 ACRES, MORE OR LESS.

SEE ATTACHED MAP EXHIBIT 'C' FOR INFORMATIONAL PURPOSES, MADE A PART HEREOF BY REFERENCE HEREON.

THIS LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH PROVISIONS OF THE LAND SURVEYORS' ACT OF THE STATE OF CALIFORNIA.

*Robert D. Hennon*

ROBERT D. HENNON, PLS 5573  
LICENSE EXPIRES 9-30-2019



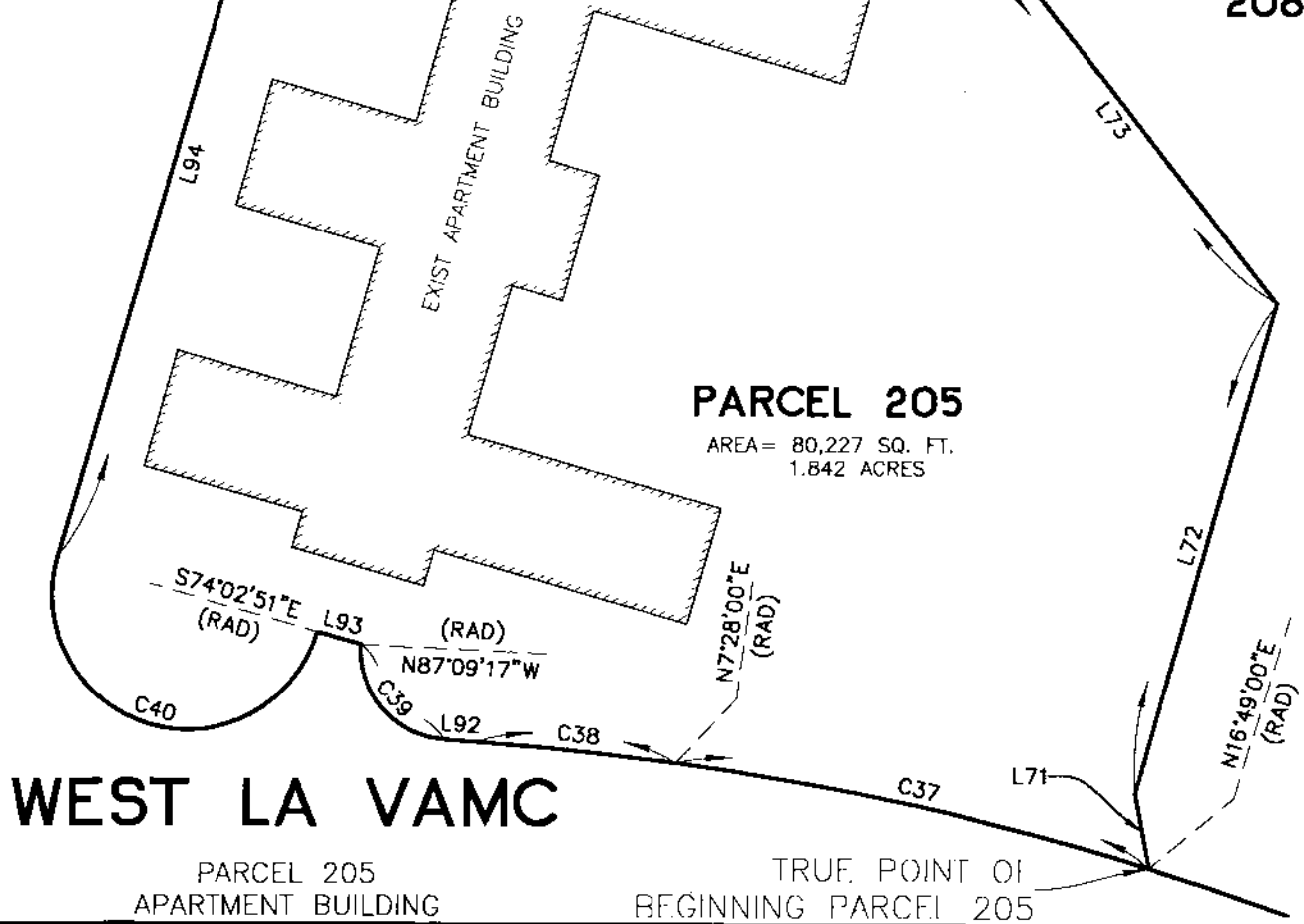
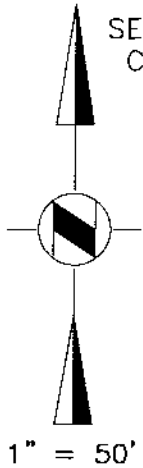
DATE: MAY 9, 2018  
THOM. GDE: 631-H3  
FILE: 3630-LGL.DWG  
PROJECT NO: 3630

**HENNON**  
**Surveying & Mapping, Inc.**

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FAX: (818)243-0650

# EXHIBIT "A"

## LEASE 205

SEE SHEET 4 FOR  
COURSE TABLES

DATE: MAY 09, 2018

THOM. GDE: 631-H3

FILE: 3630-PARCEL.dwg

PROJECT NO: 3630

**HENNON****Surveying & Mapping, Inc.**601 E. GLENOAKS BLVD., SUITE 208  
GLENDALE, CALIFORNIA 91207

PH. (818) 243-0640 FAX: (818) 243-0650

EMAIL: HENNON@AOL.COM WEB: HENNON.COM

# EXHIBIT "A"

## LEASE 205 & 208

SHT. 4 OF 4 SHTS

### Parcel Line Table

Line #	Length	Direction
L71	20.45'	N11°23'31"W
L72	138.22'	N15°47'32"E
L73	133.24'	N38°20'11"W
L74	136.84'	S29°03'07"E
L75	15.77'	N76°16'46"E
L76	115.64'	S73°48'57"E
L77	51.16'	N16°24'46"E
L78	86.11'	N81°17'58"E
L79	33.88'	S28°41'53"E
L80	1.00'	N74°28'55"E
L81	48.60'	S15°31'05"E
L82	27.43'	N74°59'15"W
L83	25.64'	S16°08'46"W
L84	12.47'	S73°49'25"E
L85	49.92'	S15°52'00"W
L86	9.85'	S74°06'55"E
L87	36.92'	S15°53'10"W
L88	10.01'	N74°06'32"W
L89	71.26'	S15°57'02"W
L90	1.45'	S74°03'54"E
L91	226.93'	S15°57'56"W

### Parcel Curve Table

Curve #	Delta	Radius	Arc Length
C33	3°48'13"	1150.85'	76.40'
C34	3°45'05"	810.00'	53.03'
C35	47°29'39"	123.20'	102.13'
C36	90°07'33"	40.00'	62.92'

## WEST LA VAMC

PARCEL 208  
COURSE TABLES

### Parcel Line Table

Line #	Length	Direction
L92	8.78'	S85°46'33"E
L93	12.18'	S74°28'50"E
L94	209.30'	S15°59'17"W
L95	37.55'	S76°16'46"W

## WEST LA VAMC

PARCEL 205  
COURSE TABLES

### Parcel Curve Table

Curve #	Delta	Radius	Arc Length
C37	9°21'00"	810.00'	132.18'
C38	3°14'33"	960.04'	54.33'
C39	88°39'10"	24.60'	38.06'
C40	179°50'39"	36.73'	115.28'
C41	60°17'29"	120.70'	127.01'

DATE: MAY 09, 2018

THOM. GDE: 631-H3

FILE: 3630-PARCEL.dwg

PROJECT NO: 3630

## HENNON

### Surveying & Mapping, Inc.

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GLENDALE, CALIFORNIA 91207

PH. (818)243-0640 FAX: (818)243-0650  
EMAIL: HENNON@AOL.COM WEB: HENNON.COM

**EXHIBIT "B"**

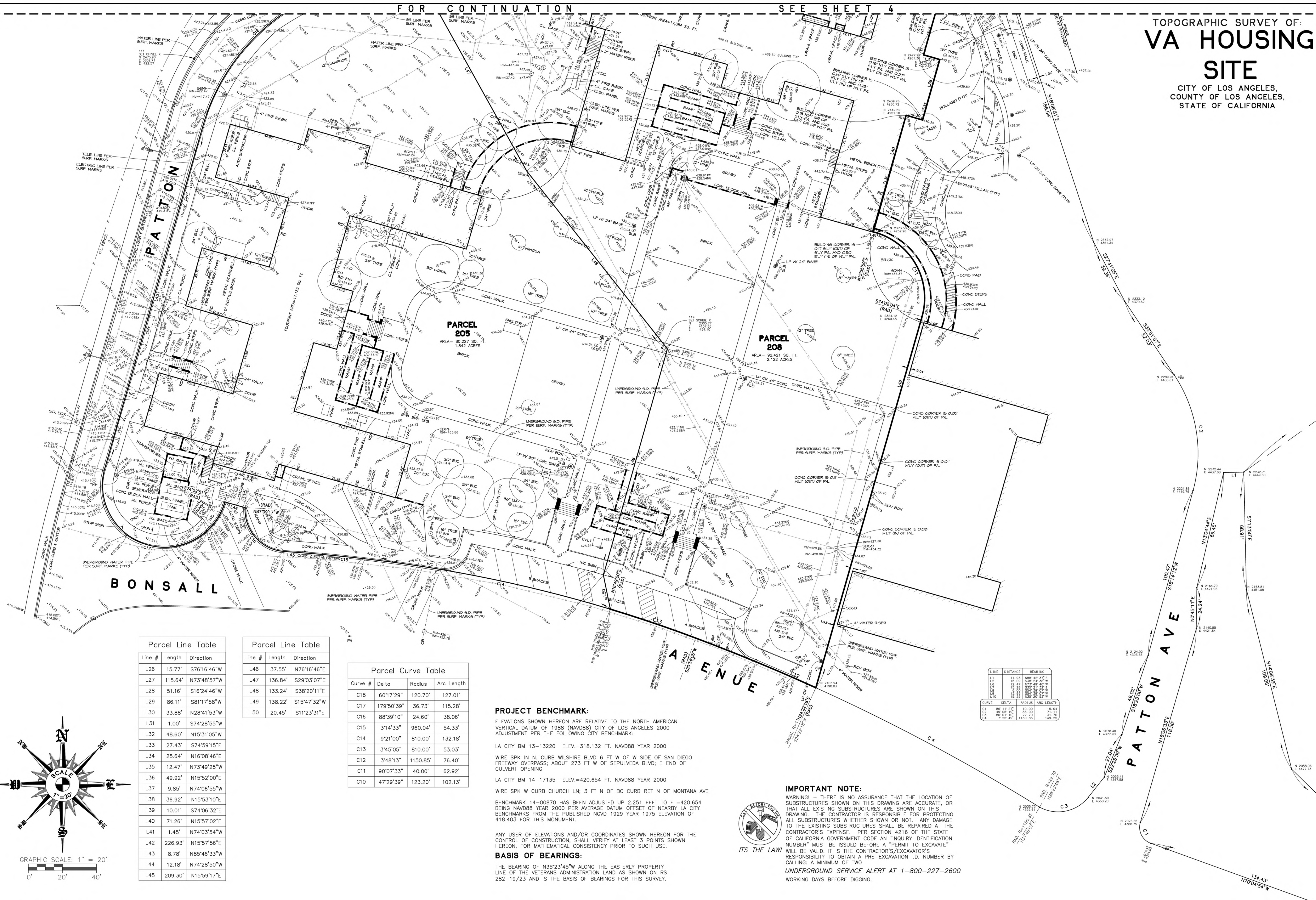
**SITE PLAN**







TOPOGRAPHIC SURVEY OF:  
**VA HOUSING SITE**  
 CITY OF LOS ANGELES,  
 COUNTY OF LOS ANGELES,  
 STATE OF CALIFORNIA



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THOMAS GUIDE: 631-H3

LA CITY DIST. MAP:

ASS. PARCEL NO.:

FILE: 3630-TOPO.dwg

SURVEYED BY: HENNON

REV.	DATE	DESCRIPTION	BY

TOPOGRAPHIC SURVEY OF:  
**VA HOUSING SITE**  
 CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

**HENNON**  
 Surveying & Mapping, Inc.

601 E. GLENOAKS BLVD, SUITE 208  
 GLENDALE, CALIFORNIA 91207  
 (818)243-0640

EMAIL: HENNON@AOL.COM WEB: HENNON.COM

DATE: MAY 09, 2018  
 SCALE: 1" = 20'  
 CONTOUR INTERVAL: N/A  
 PROJECT NO: 3630  
 SHEET THREE OF FOUR SHEETS

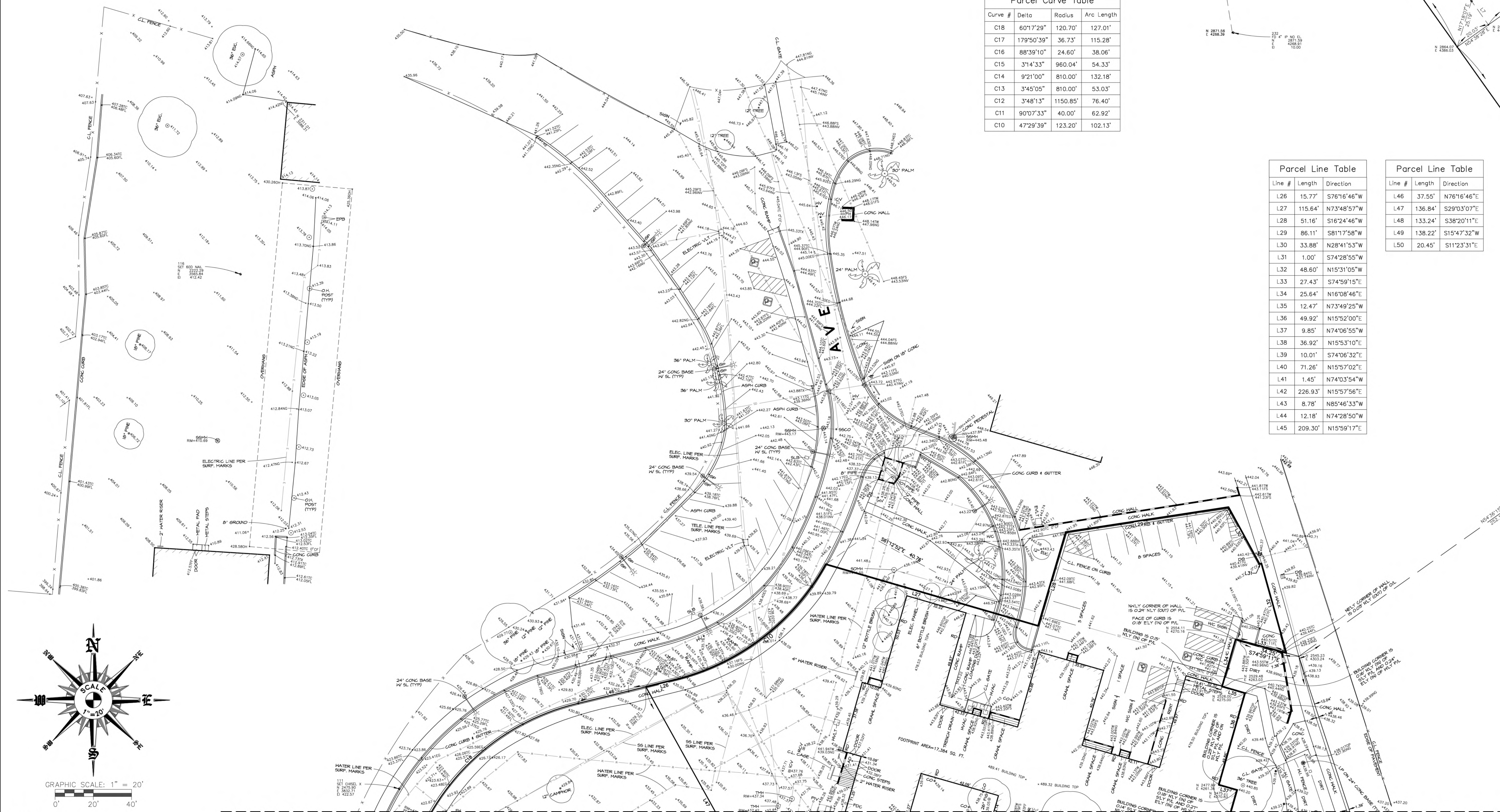


TOPOGRAPHIC SURVEY OF:  
**VA HOUSING SITE**  
CITY OF LOS ANGELES,  
COUNTY OF LOS ANGELES,  
STATE OF CALIFORNIA

Parcel Curve Table			
Curve #	Delta	Radius	Arc Length
C18	60°17'29"	120.70'	127.01'
C17	179°50'39"	36.73'	115.28'
C16	88°39'10"	24.60'	38.06'
C15	3°14'33"	960.04'	54.33'
C14	9°21'00"	810.00'	132.18'
C13	3°45'05"	810.00'	53.03'
C12	3°48'13"	1150.85'	76.40'
C11	90°07'33"	40.00'	62.92'
C10	47°29'39"	123.20'	102.13'

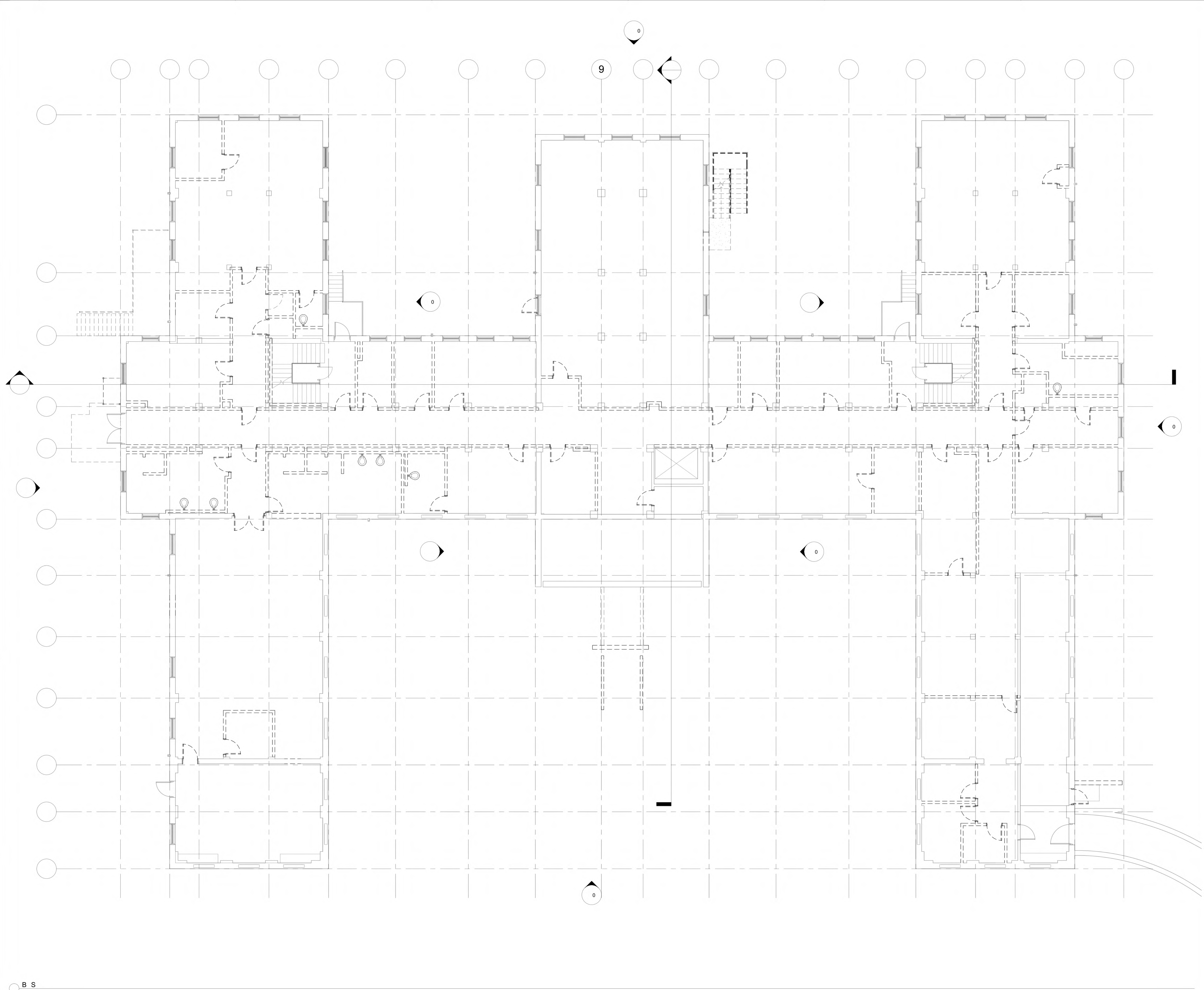
Parcel Line Table		
Line #	Length	Direction
L26	15.77'	S76°16'46"W
L27	115.64'	N73°48'57"W
L28	51.16'	S16°24'46"W
L29	86.11'	S81°17'58"W
L30	33.88'	N28°41'53"W
L31	1.00'	S74°28'55"W
L32	48.60'	N15°31'05"W
L33	27.43'	S74°59'15"E
L34	25.64'	N16°08'46"E
L35	12.47'	N73°49'25"W
L36	49.92'	N15°52'00"E
L37	9.85'	N74°06'55"W
L38	36.92'	N15°53'10"E
L39	10.01'	S74°06'32"E
L40	71.26'	N15°57'02"E
L41	1.45'	N74°03'54"W
L42	226.93'	N15°57'56"E
L43	8.78'	N85°46'33"W
L44	12.18'	N74°28'50"W
L45	209.30'	N15°59'17"E

Parcel Line Table		
Line #	Length	Direction
L46	37.55'	N76°16'46"E
L47	136.84'	S29°03'07"E
L48	133.24'	S38°20'11"E
L49	138.22'	S15°47'32"W
L50	20.45'	S11°23'31"E





**EXHIBIT "C"**  
**DESIGN PLAN**

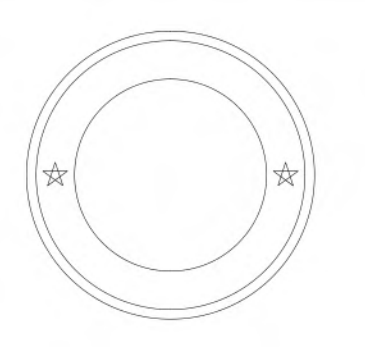


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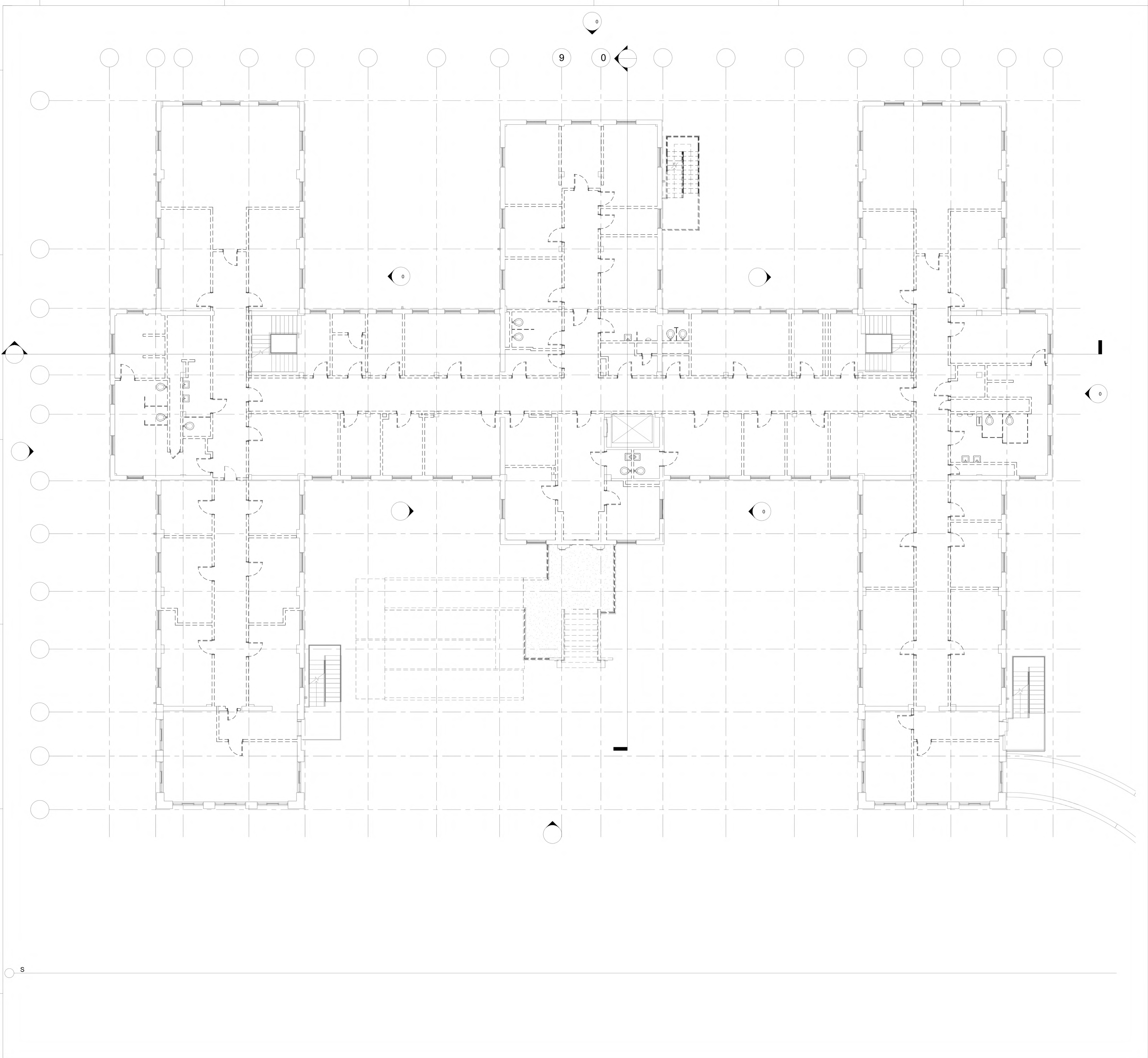


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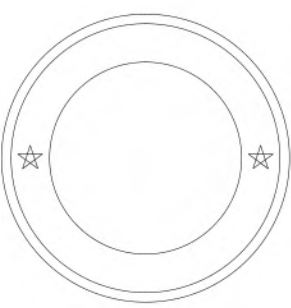
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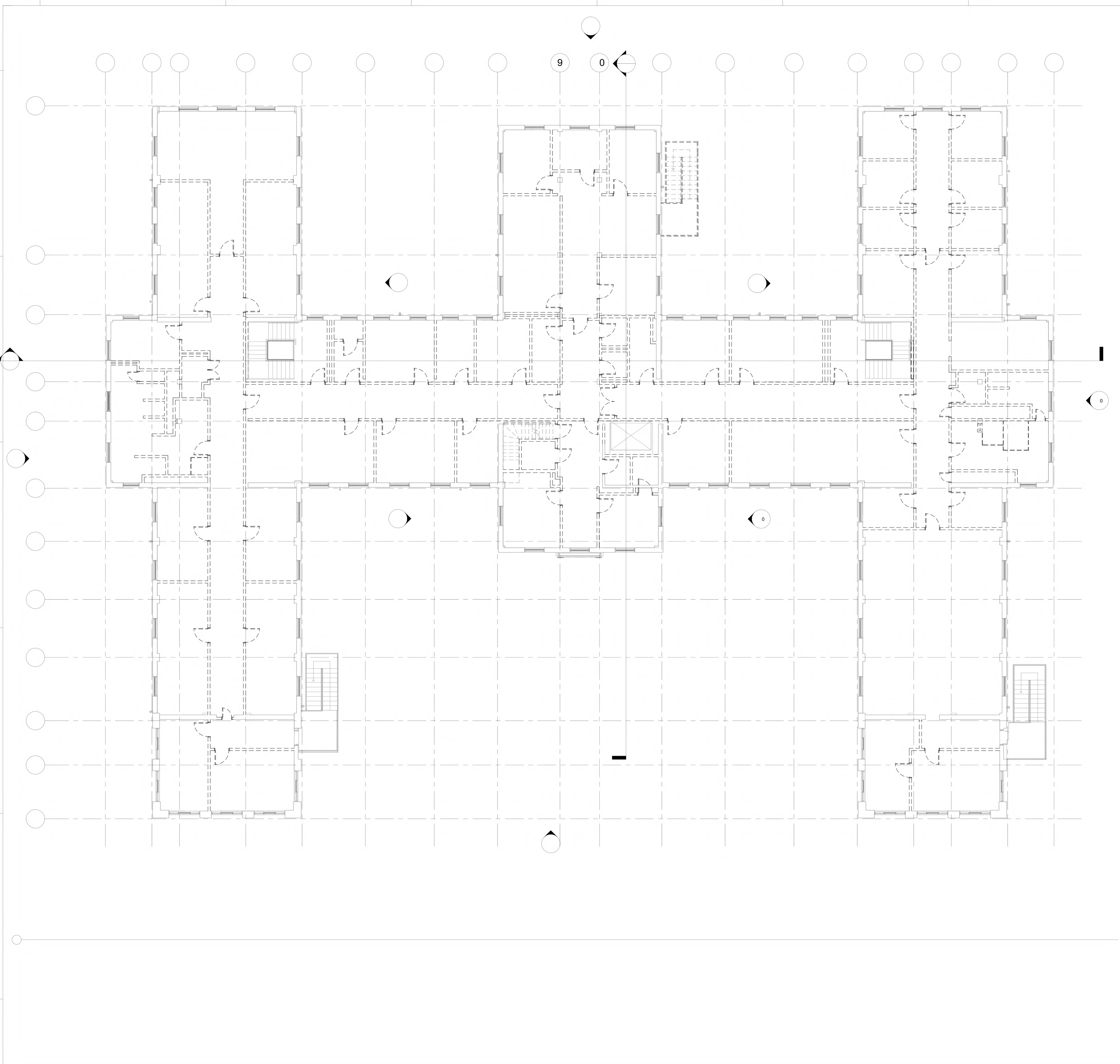
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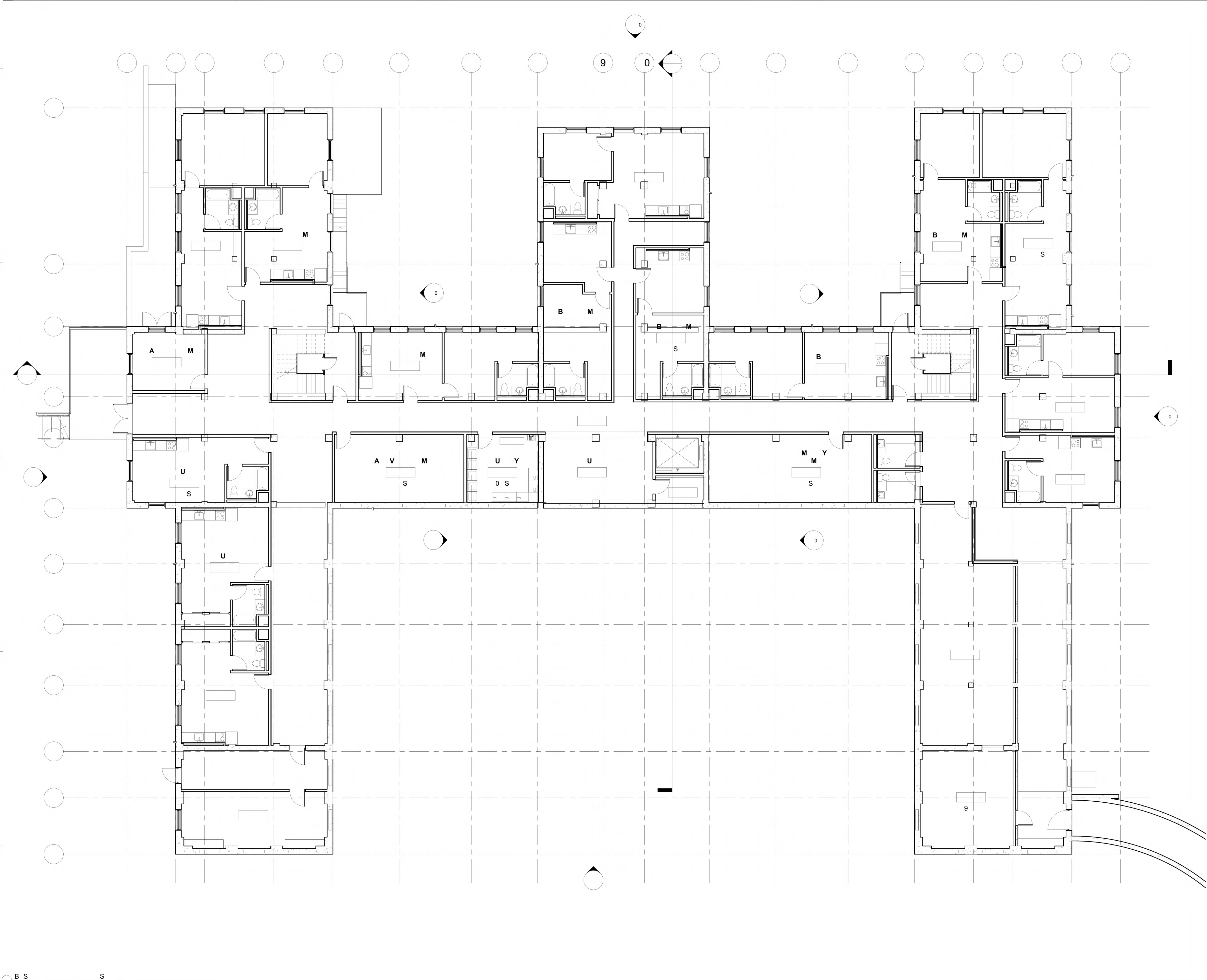
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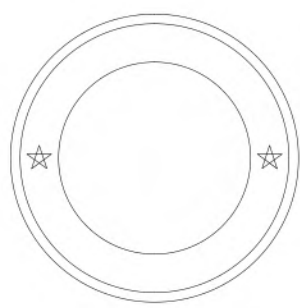


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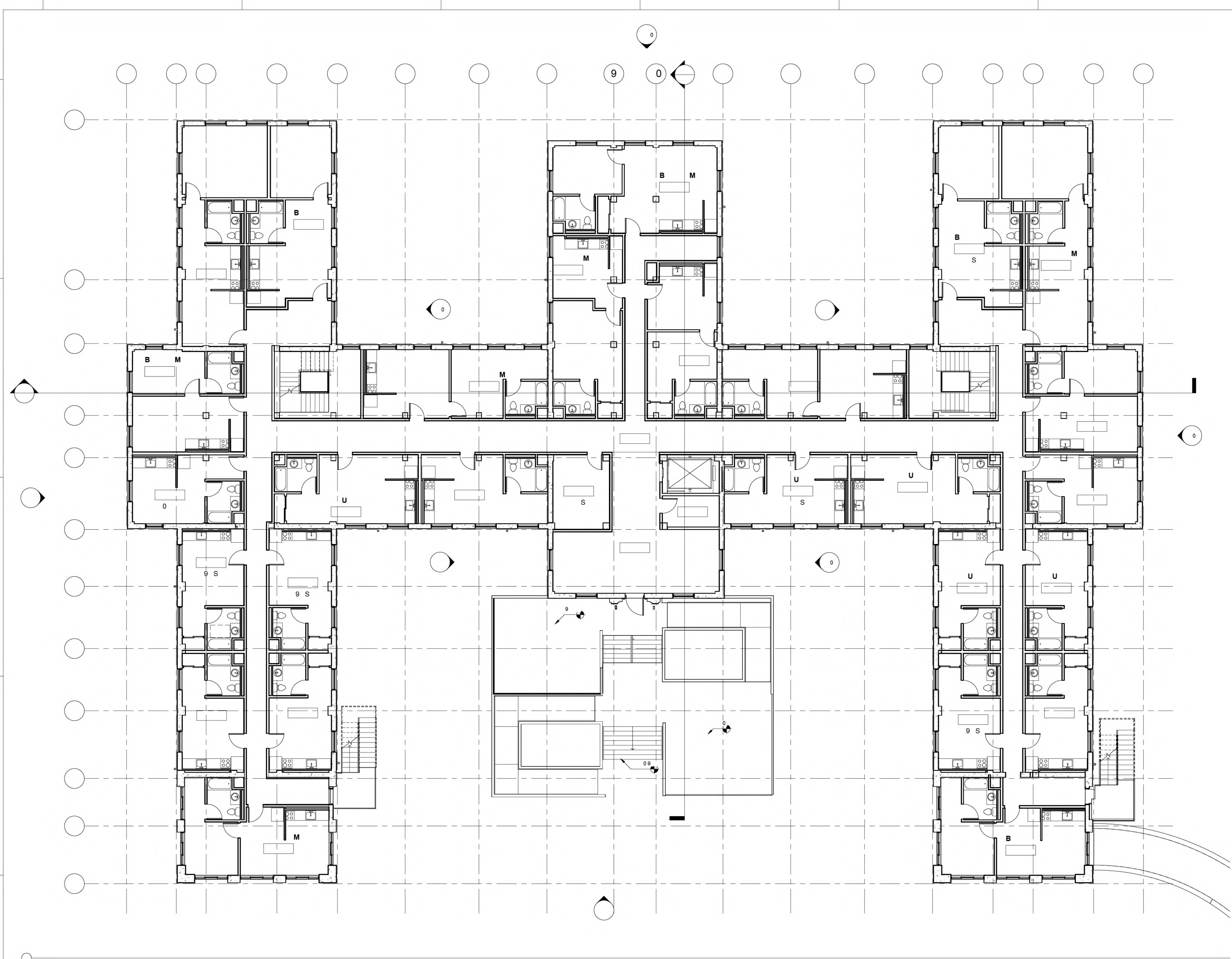
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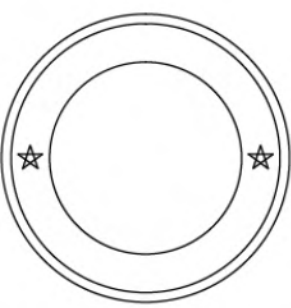




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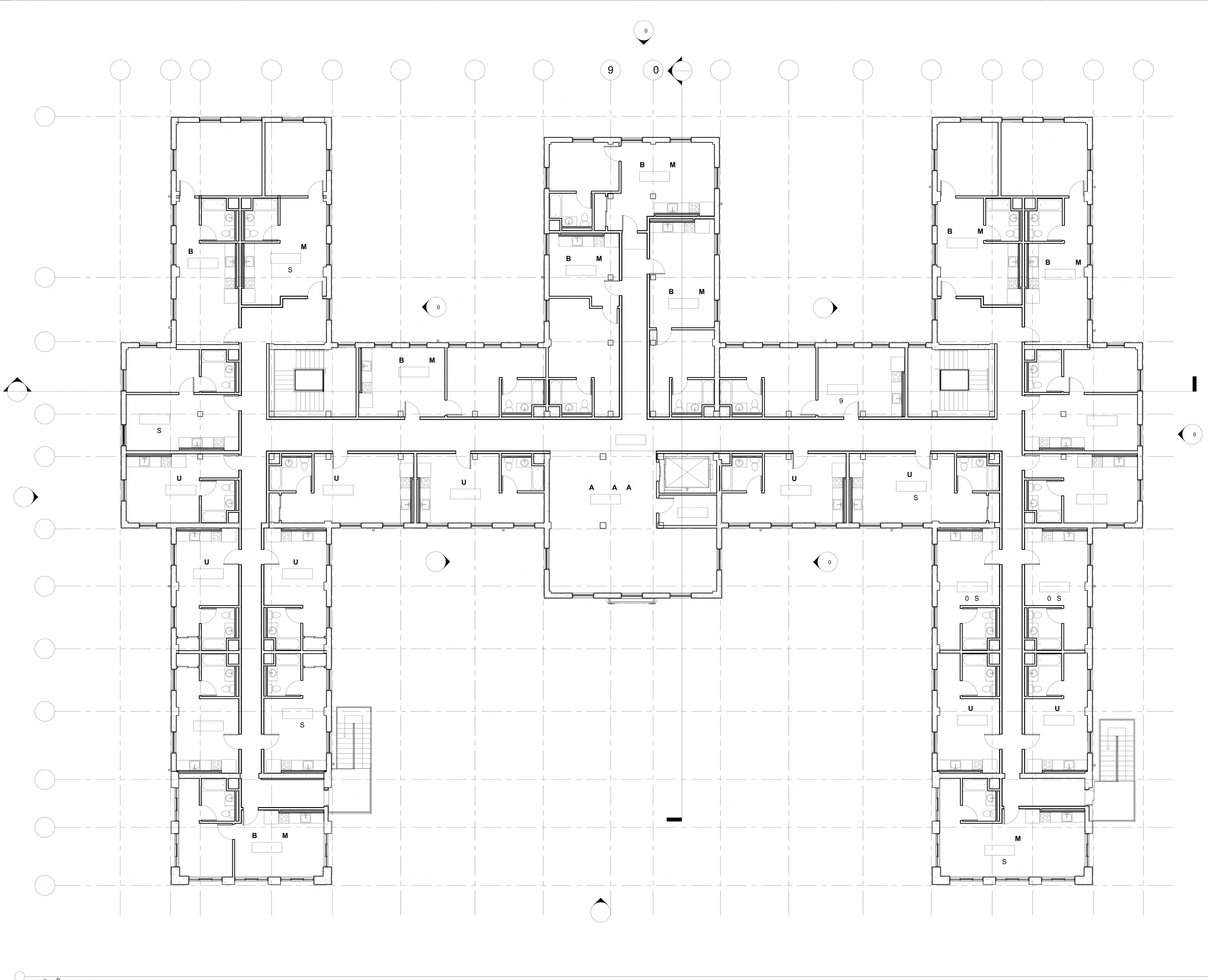
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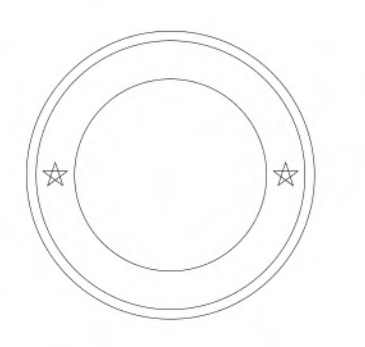




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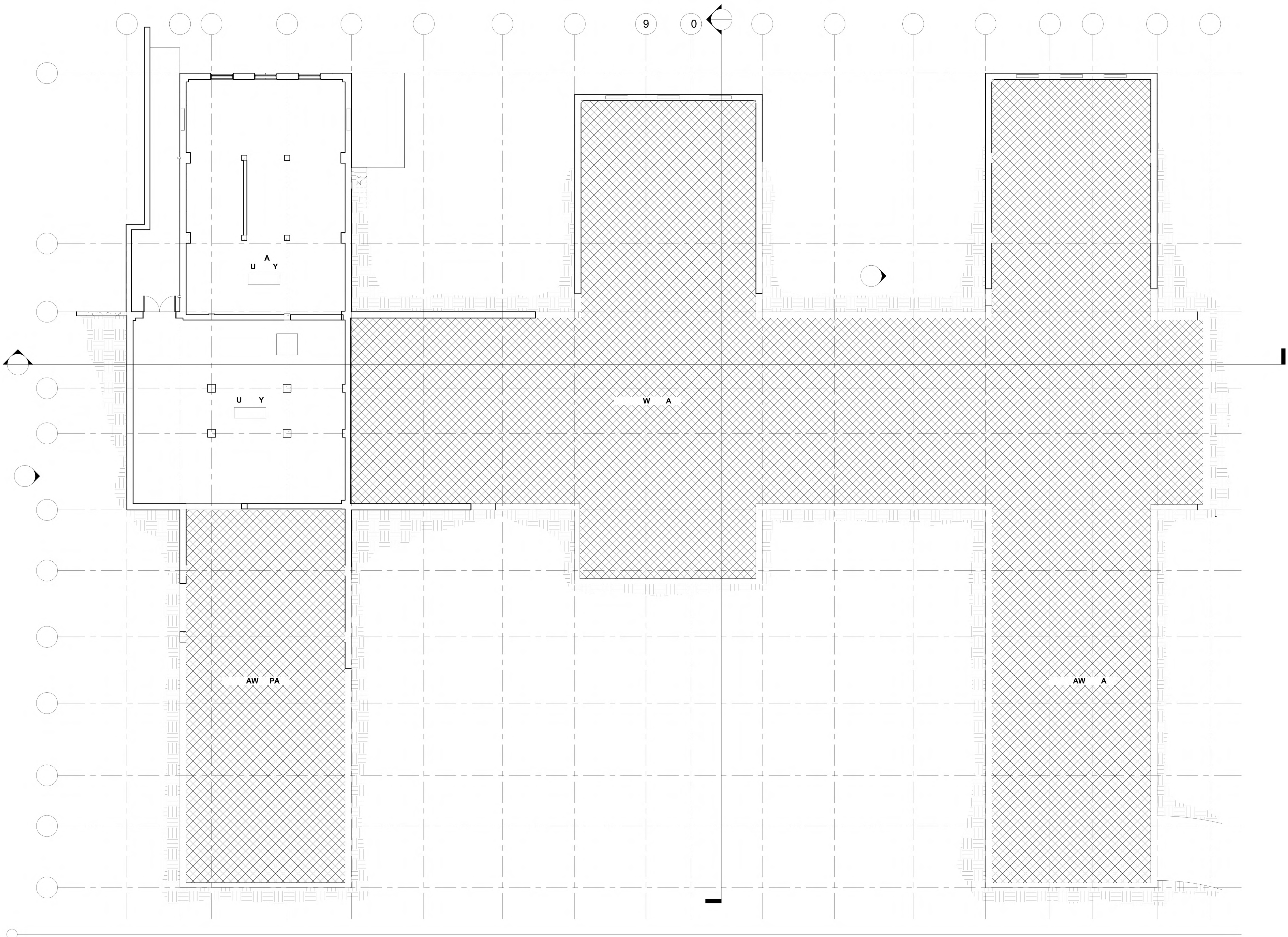


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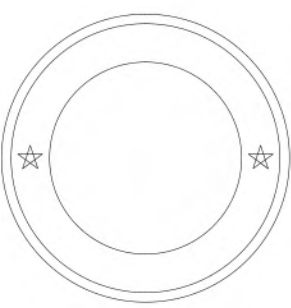




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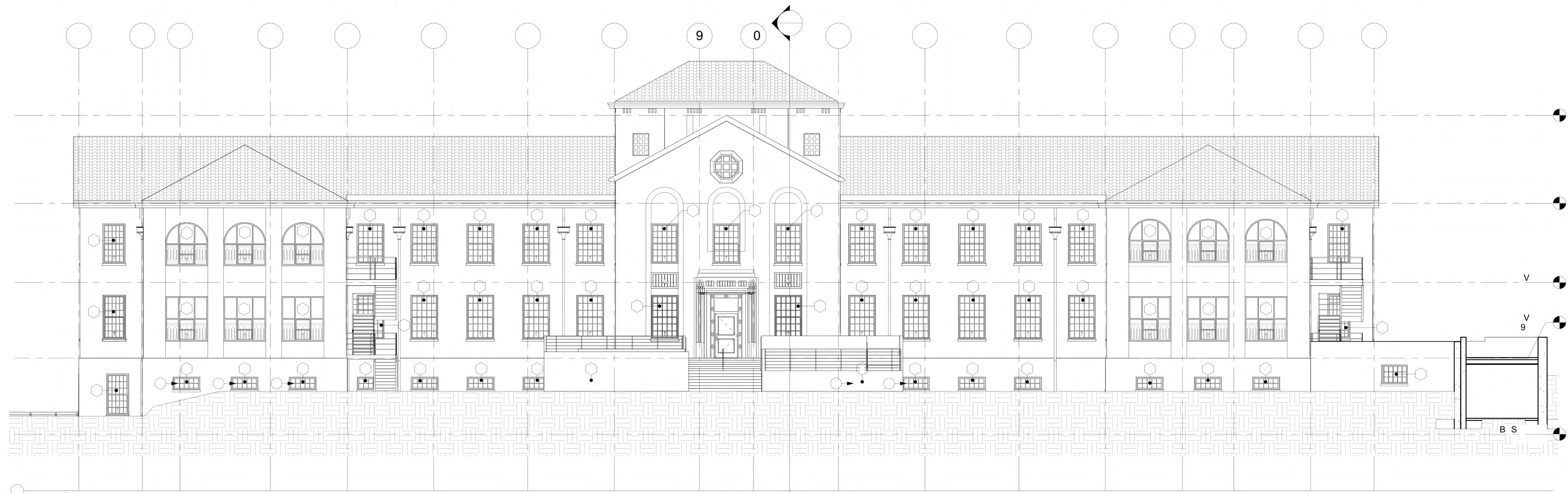
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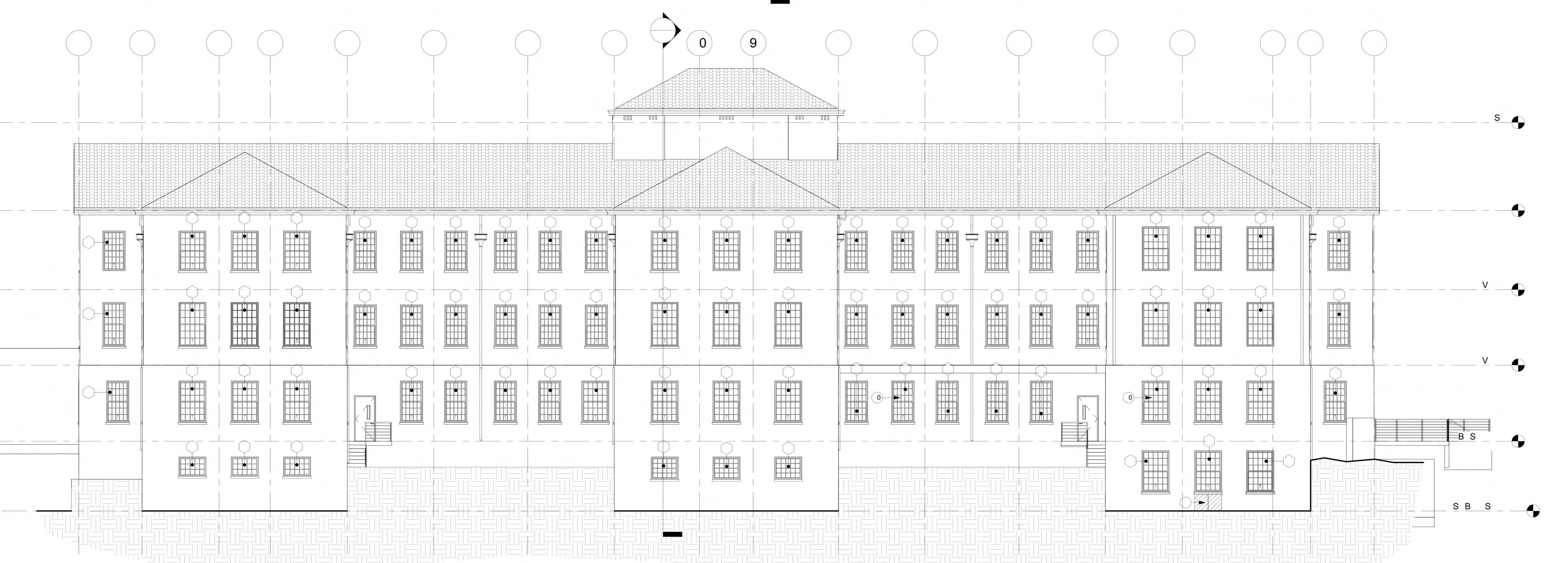
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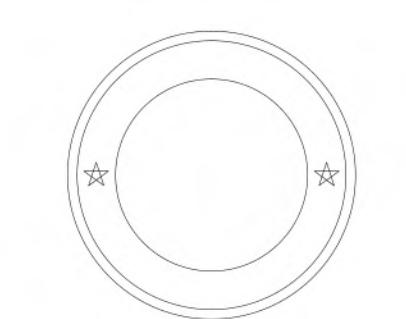


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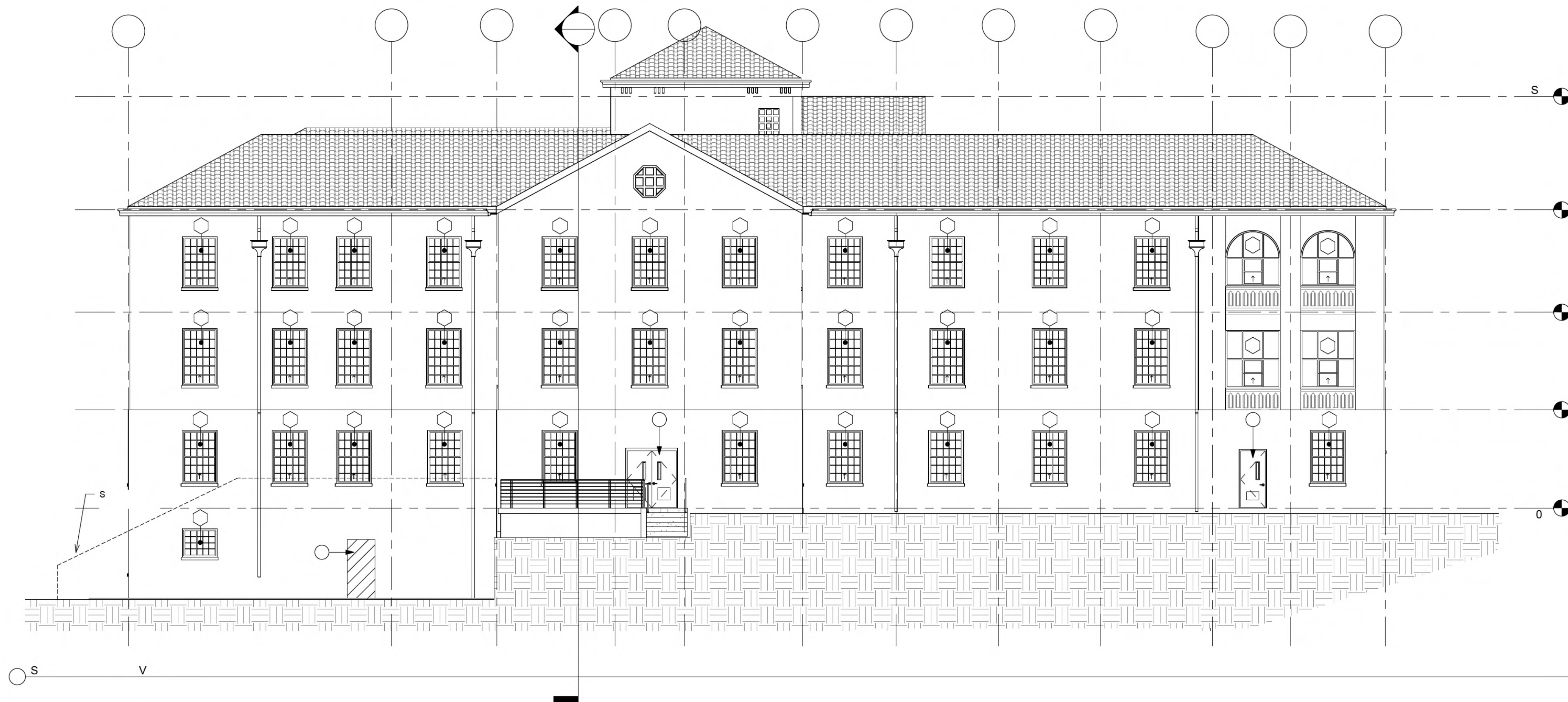
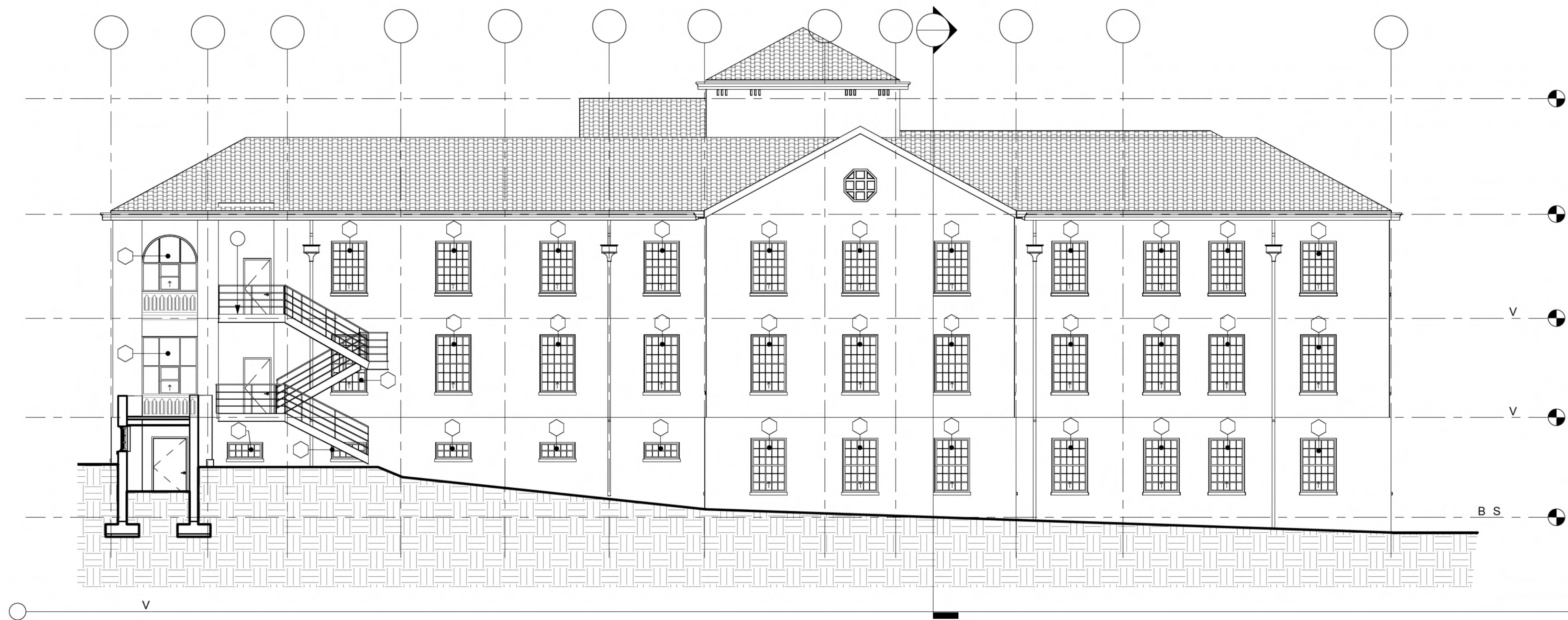
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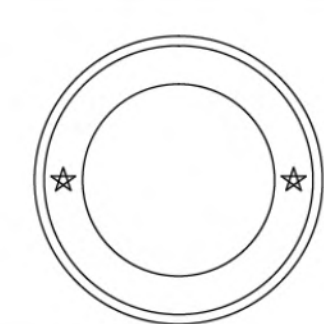
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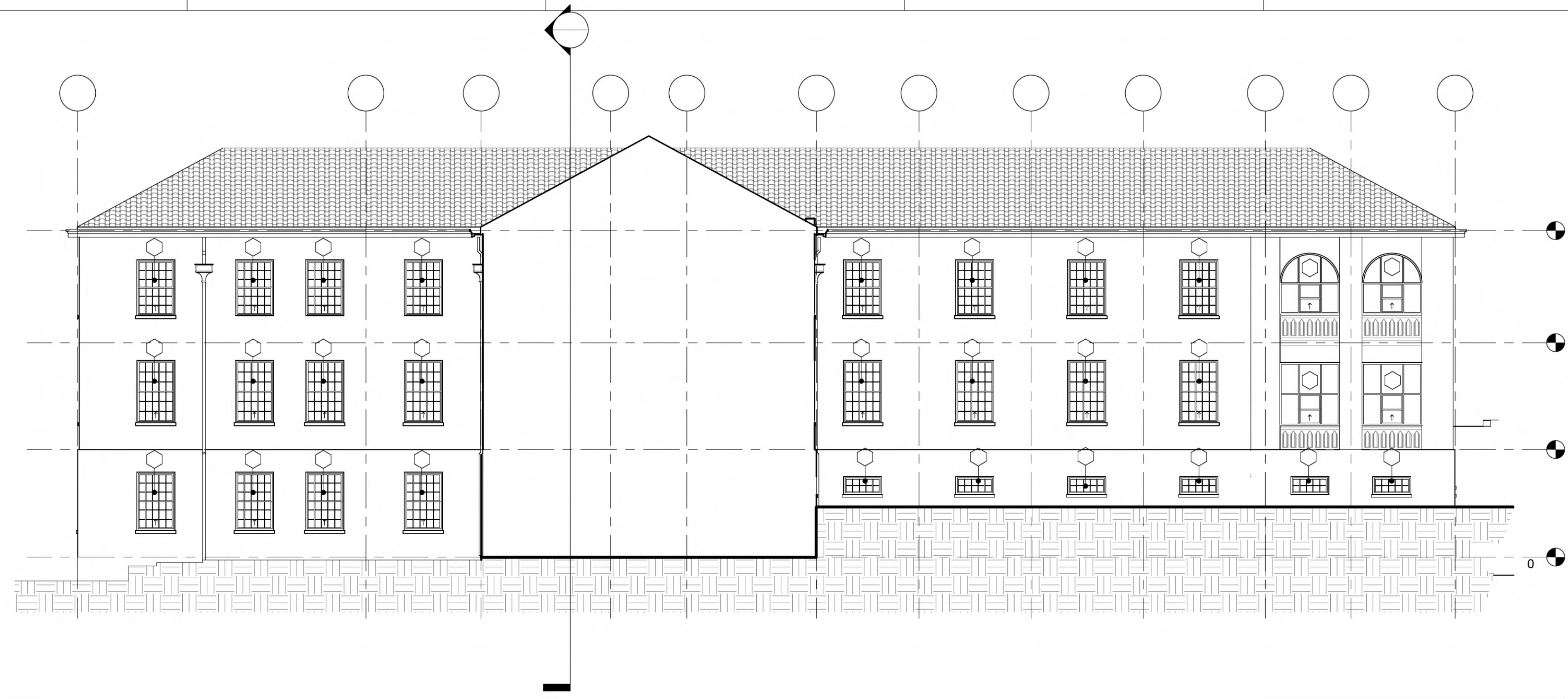
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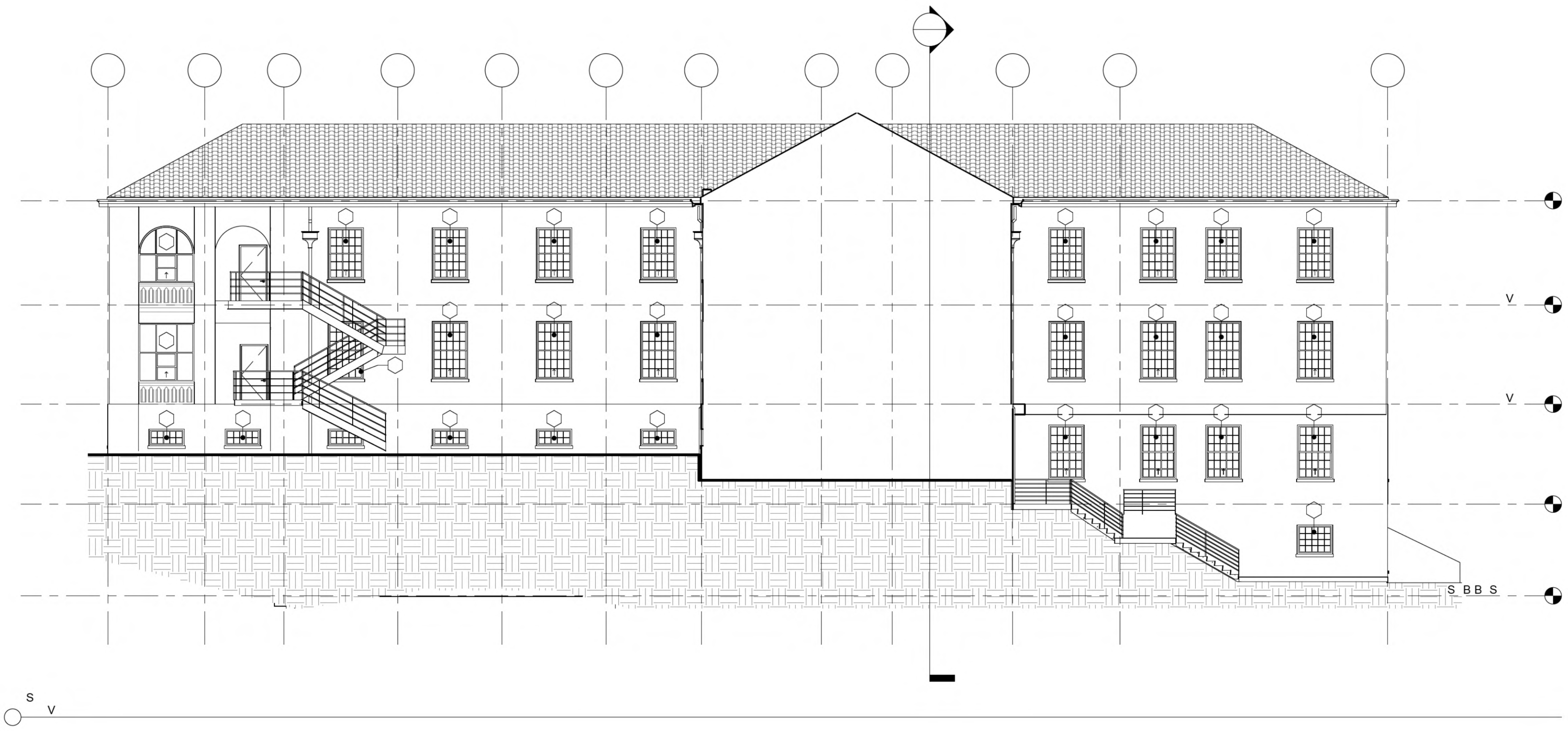




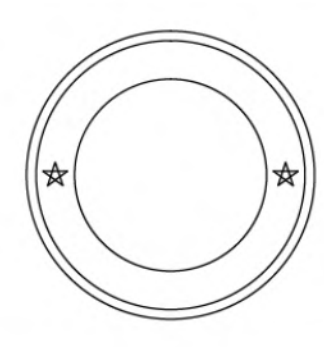


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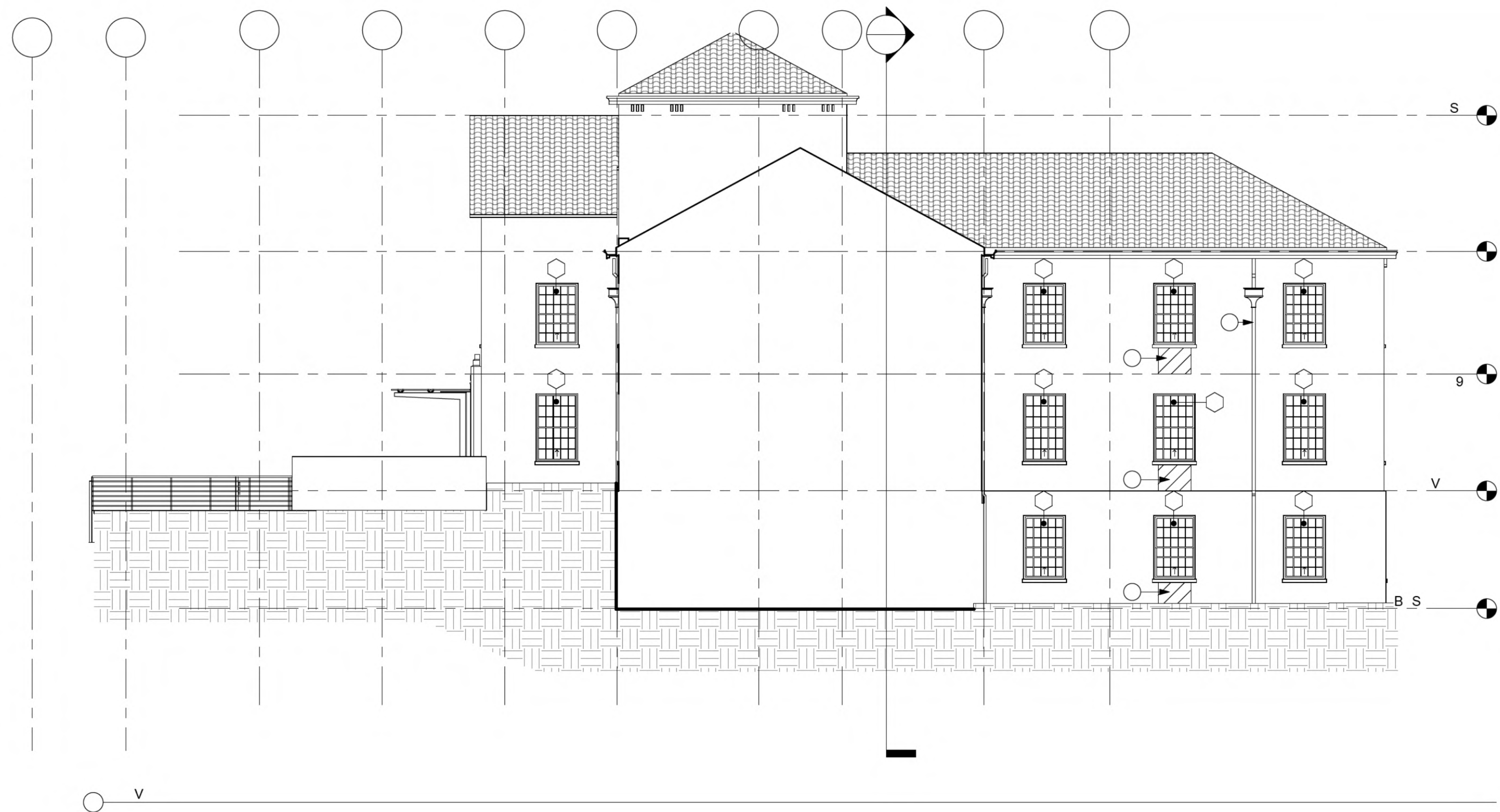
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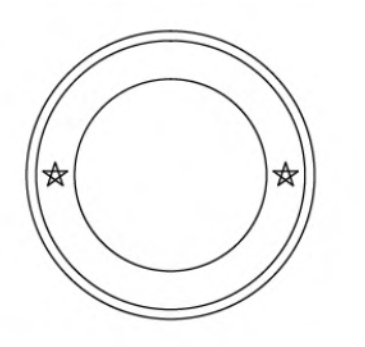
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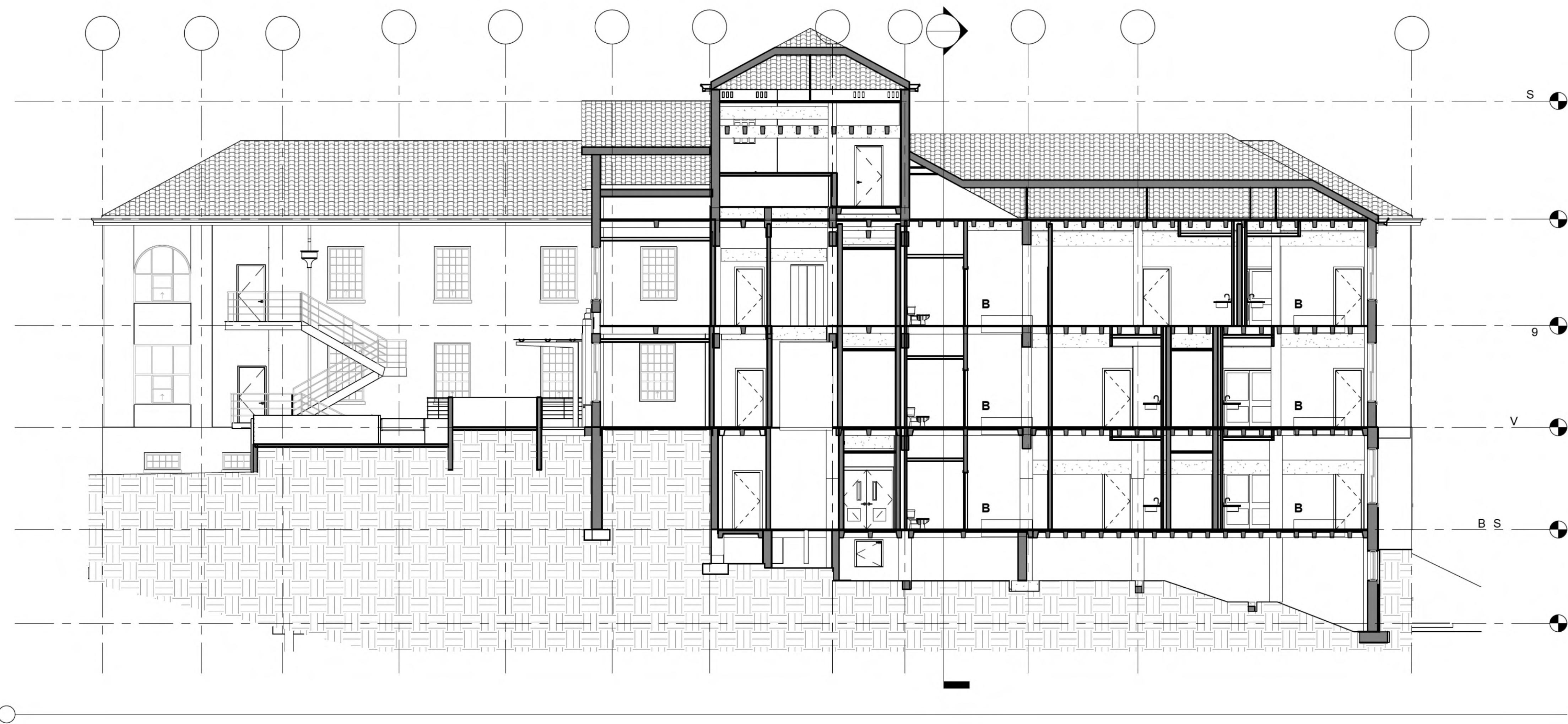
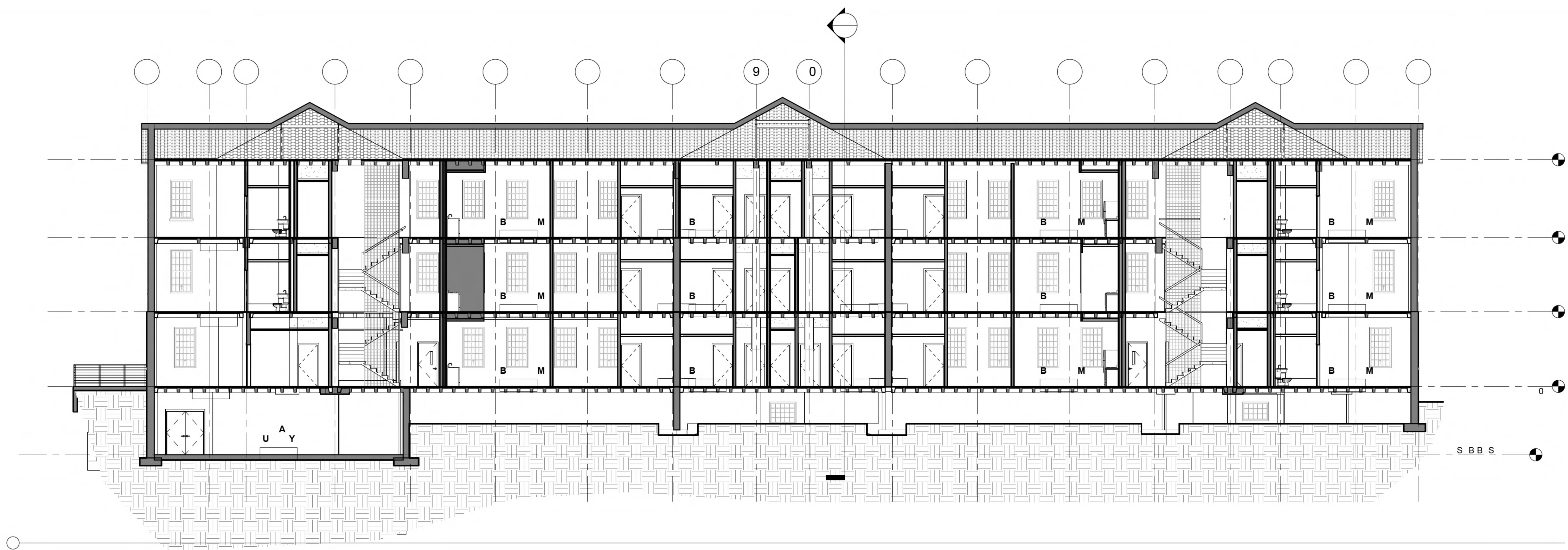
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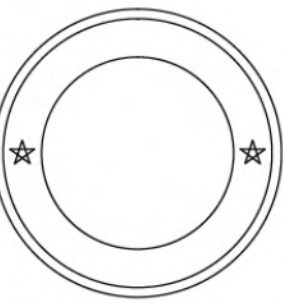




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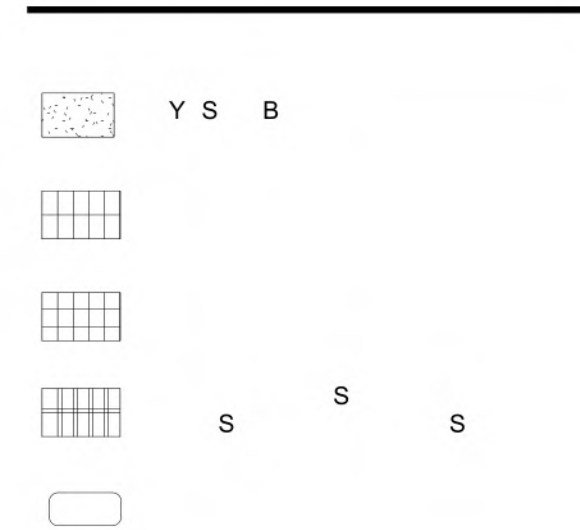
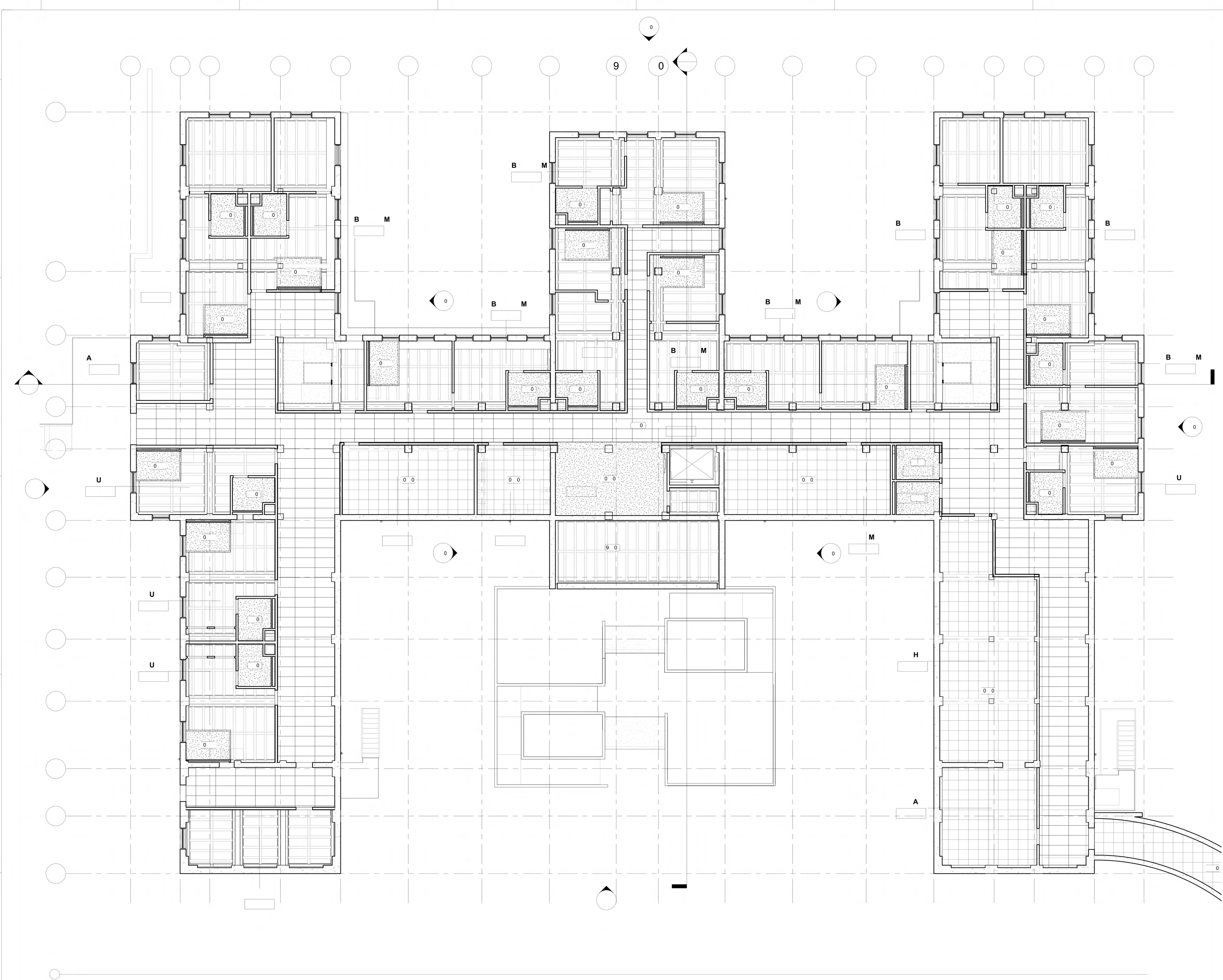
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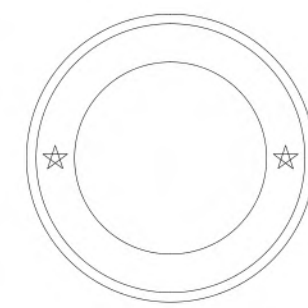




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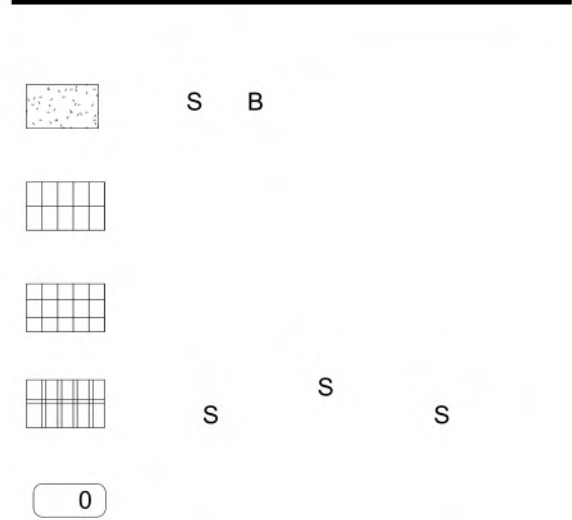
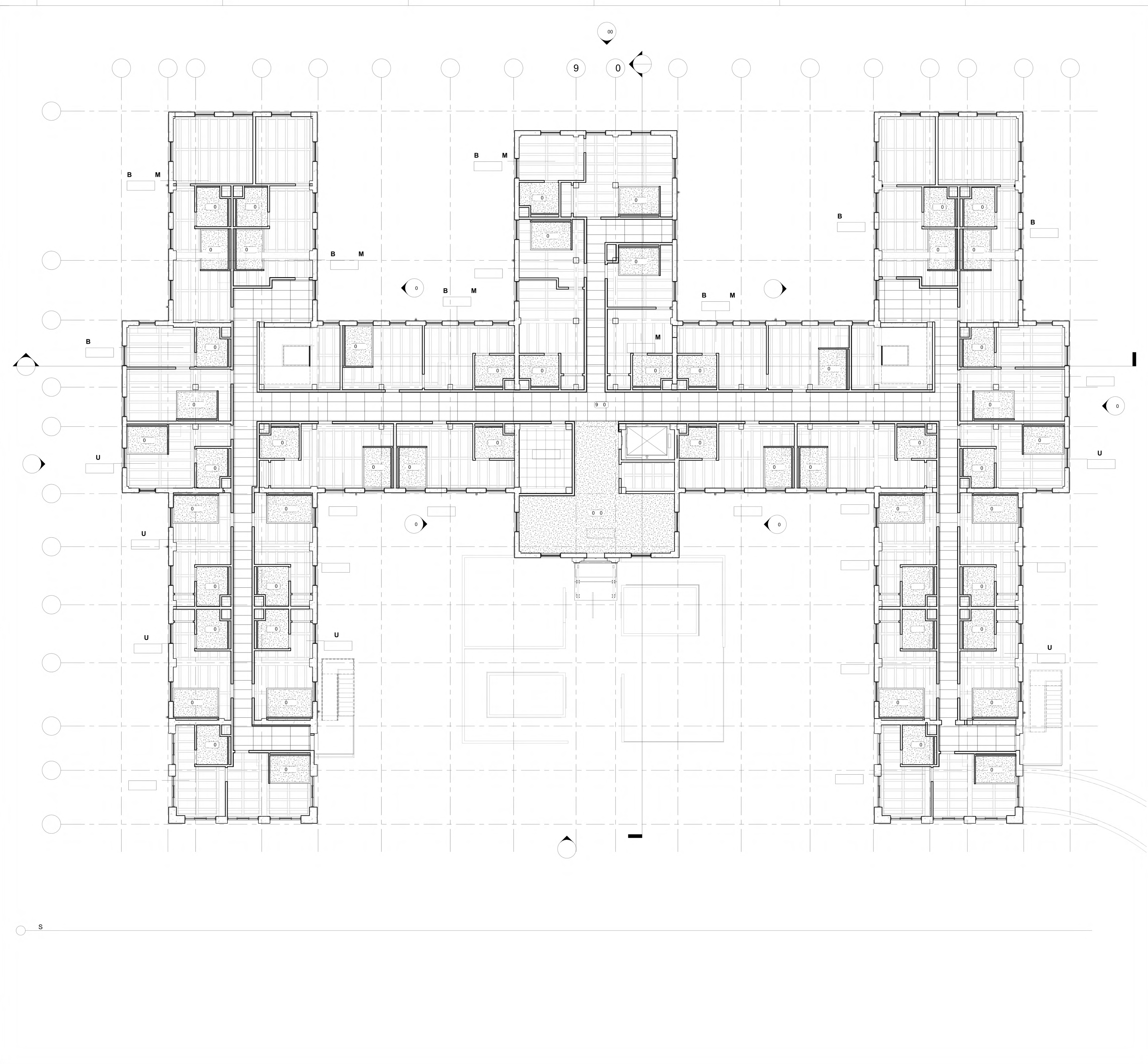
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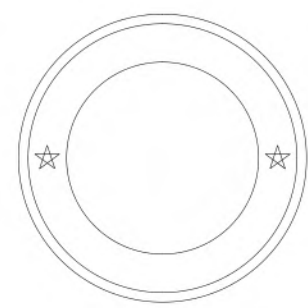




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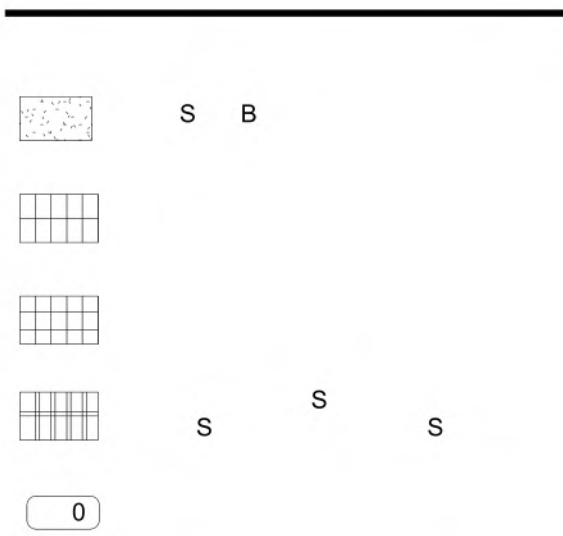
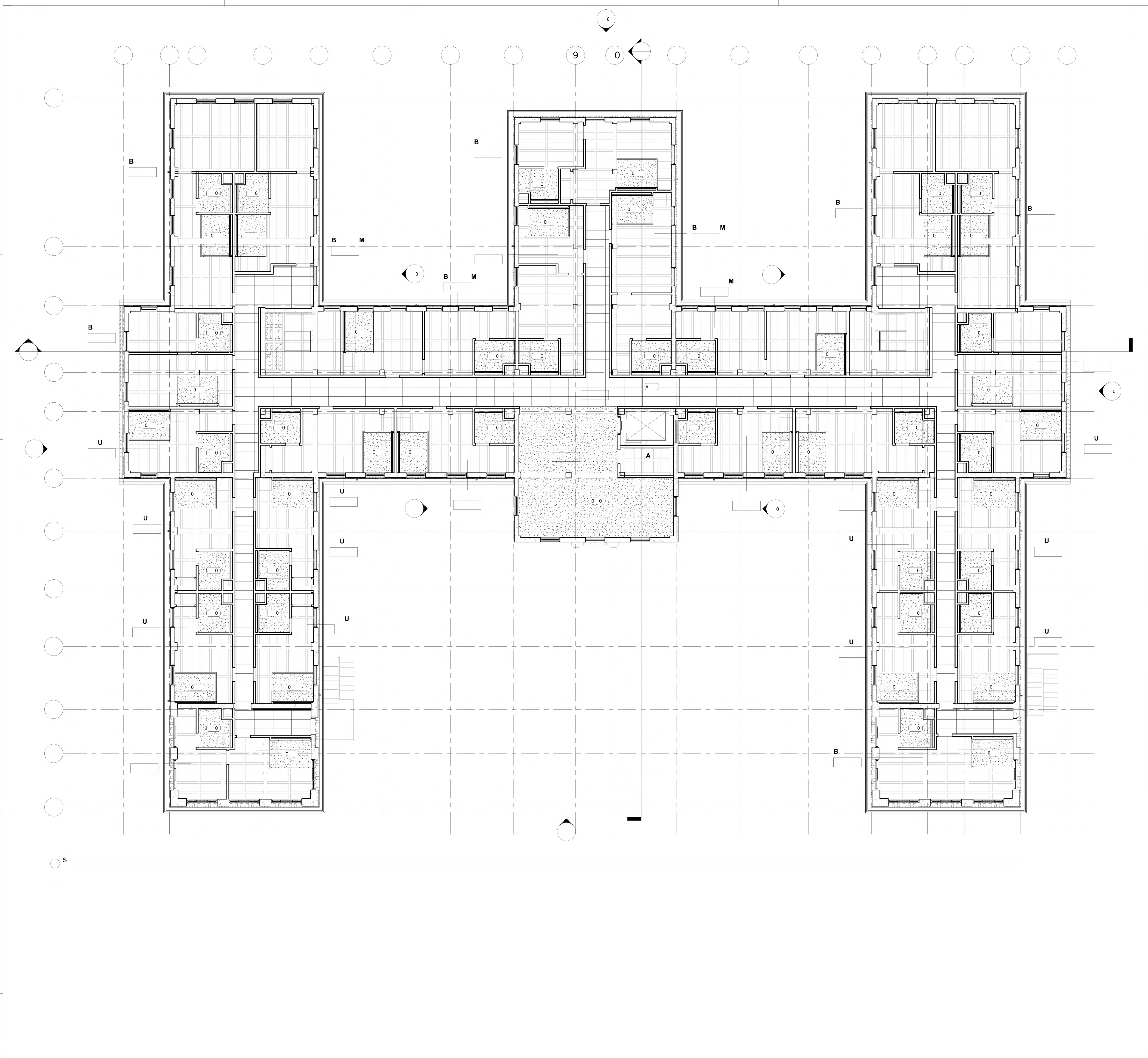
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**EXHIBIT "D"**

**DEVELOPMENT PLAN**



# Exhibit D: Building 205 Development Plan

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## Appendix:

Attachment 1: Local Reviewing Agency Letter  
Attachment 2: Energy Crosswalk  
Attachment 3: Excel Pro Forma

## **I. Project Overview**

Shangri-La Construction, LP (“Shangri-La”) and Step Up on Second Street, Inc. (“Step Up”) are proposing to completely rehabilitate and transform Building 205 from an underutilized building into 68 units (including a manager’s unit) of housing for chronically homeless, severely disabled, women, and aging Veterans. Building 205 consists of 53,047 square feet of gross building area and the current design includes 29,120 square feet of residential area which includes 32 studio units and 36 one-bedroom units. Most of the units will be located on the first and second floors with some additional units located in the basement floor. The basement floor will include common area amenities such as an activity room that can also serve as a counseling area, a community room, a kitchen, laundry room and a reading room. An effort was made to maximize the number of units however light and air issues limited the number of units that could be accommodated in the building.

### **Interior Improvements.**

The interior renovations for Building 205 will be substantial as almost all of the interior walls, except for the weight bearing walls and columns will be completely removed. The removal of almost all walls and interiors is necessary to properly mitigate the asbestos and lead that is pervasive throughout the building. In addition to the environmental abatement, all of the structural members will be reinforced along with other structural improvements to make sure that the building can withstand any seismic activity. Abatement and structural improvements represent a large portion of the construction budget since this building is over 60 years old and does not meet current seismic building standards. The historically significant aspects of the interiors will be preserved including the stairways, the tile at the end of the hallways and the hallway widths throughout the building. Shangri-La will work around these historically significant aspects and restore them per guidance from the historical consultant, and consistent with the Secretary of Interior’s (SOI) Standards. The building currently has a steam heating system with a boiler in the basement and piping to the offices, hallways, and common areas. This steam system will be replaced with a central HVAC system with heat and air conditioning going to each of the units via vents in the ceilings. The HVAC system will be ductless since it is more cost effective. The plumbing systems and fixtures will all be demolished and new plumbing and fixtures installed throughout the entire building. The building’s electrical system is in poor overall condition and will be completely replaced and upgraded to current code. The lighting fixtures will all be removed and a new LED lighting system will be installed throughout the entire building. The building has a fire sprinkler system that will be upgraded to current code. Other life and safety improvements will be made including upgrading and replacing the central fire alarm panel, audible alarms, hard-wired smoke detectors and strobes in common areas, exit signs and emergency back-up lighting. The central alarm system that monitors common area smoke detectors and pull alarms will also be replaced. The main mechanical systems such as plumbing, electricity and low voltage will be run in the walls and meet current code requirements. The building is equipped with one hydraulic type passenger elevator that dates back to the original construction of the building and it will be upgraded to current code and standards. The property is also subject to the requirements of Section 504 of the Rehabilitation Act which requires five percent of the units to be fully accessible. The common areas must also be accessible. Building 205 was constructed in 1947, before the enactment of the Fair Housing Guidelines. Although ADA upgrades have been installed over the years, there are still ADA issues that will be corrected throughout the building and at a minimum we will have 10 percent of the units to be accessible. The units will range in square feet up to 600 square feet with an average size of 428 square feet. The bathrooms will have tile showers with tile flooring and vinyl throughout all of the units. The kitchen cabinets will be wood with high quality tops and led lighting throughout the unit. All of the units will have energy efficient

appliances including an electric stove, a refrigerator and a microwave. In addition to appliances, all units will be fully furnished, including a bed, sofa, a small dining table, dresser and a wall mounted television. All of the furnishings will be refreshed periodically. Furthermore, all of the improvements will be done to meet a rating equivalent to LEED Silver as measured by the National Association of Home Builders green building rating system known as the National Green Building Standard. At the point of certification, Building 205 will be about 12% more efficient than the national average while achieving high performance in six key areas: site design, resource efficiency, energy efficiency, indoor environmental quality, and building operations & maintenance. The following are key achievements:

- In terms of resource efficiency, incorporating native adaptive plants as well as installing low flow plumbing fixtures will reduce the total amount of water consumed throughout the building's lifetime.
- Energy efficiency will be achieved by installing LED lights, central high efficiency water heaters, as well as VRFs.
- Using low VOC products as well as continuous ventilation for fresh air will assist in improving indoor air quality as well as reducing the amount of contaminants.
- Sustainable construction practices, such as recycling 75% of construction waste, will be accomplished.
- Occupants, as well as maintenance workers will be conscious of how green buildings operate and ways to maintain the spaces in which they live.

See Attachment 2 for additional information.

### **Exterior Improvements.**

The exterior renovations of Building 205 will be substantial including improvements to the courtyards, side yards and the parking areas. The roof is a historically significant aspect along with the windows and the color of the building. These features will be restored to their original look through repairs and restoration in accordance with SOI standards. The Spanish clay tile type roofing system is in good condition and does not need replacement. The roof drainage is gravity flow to gutters and is functioning well so the integrity of the roof will remain. The windows are among the most historically significant aspects. A window survey has been completed to determine which of the windows need substantial repairs. As part of the repair and restoration process, the windows will also be made energy efficient to help with the National Green Building Standard previously described. All of the walls will be newly painted and patched. A glass canopy will also be installed at the entrance of the building to match Building 209 and eventually Building 205, which will also have the same treatment. The ramps heading up to the entrances will be modified to make sure they are ADA compliant and do not exceed the two percent slope. Some of the grades need to be reduced to make sure wheelchairs can travel through. The concrete walkways throughout the courtyard are in good condition, but some areas that are cracked will be replaced. The landscaping consists of established turf, plants and trees, which are in fair overall condition but the landscaping will be changed to create more gathering areas and gazebos so the residents can congregate outside of the building as well. All new landscaping will have drought resistant plan with a preferred drip irrigation for water sprinkling. The goal is to make the court yards seamless and create a campus feel for the residents. The exterior improvements also include parking for up to 51 spaces, which will be allocated between two areas adjacent and in front of Building 205. One of the parking areas (Parking Lot A) is currently in existence, while the other (Parking Lot B), will be newly constructed, surfaced and striped.

### **Roles and Responsibilities of the Development Team.**

Shangri-La will serve as the general contractor and be responsible for all construction aspects. Construction is expected to last approximately 18 months and Shangri-La will address all construction aspects up until the building is placed in service. Step-Up will serve as the managing general partner and as a result the property will receive a full property tax abatement. BlueGreen Preservation & Development, LLC ("BlueGreen") will serve as the development consultant and provide all of the completion guarantees along with Shangri-La and Step-Up. As the development consultant, BlueGreen is arranging all of the financing including the loan commitment already received from the Proposition HHH Permanent Supportive Housing Loan Program (HHH) provided by the Los Angeles Housing Community Investment Department (HCID), the tax-exempt bonds, the low-income housing tax credits and the construction and permanent loan that will finance the development of Building 205. BlueGreen will also work with Los Angeles County (the "County") that has agreed to and accepted the role of local approving agency. The County has already determined that the housing as proposed is consistent with the County Housing Element. As the approving agency, the County will review and approve all design plans and ultimately provide the building permit, the on-going inspections to close out the permits and ultimately the certificate of occupancy once construction is complete. Both Shangri-La and BlueGreen are working with the architect on the design of the building including identifying the major subcontractors who are working on the major systems including structural, mechanical, electricity and plumbing. Like with many substantial renovations, these major systems will be design build, and the architect is working directly with each of the subcontractors on these plans.

### **Ongoing Operations.**

Once completed Building 205 will be managed by Step up on Second. The housing will be structured based on the latest homelessness prevention and urban planning concepts, consistent with best practices and evidence-based approaches under the Housing First model. Los Angeles has one of the largest homeless populations in the country and unfortunately many of the homeless are Veterans. As such the demand for units serving Veterans is extensive and we expect the building to be fully leased up on the first day of operation with very little vacancy going forward. Step Up On Second, as the property management company will recruit, identify and qualify each resident. Life skills/activities staff (1 FTE) to be hired by the Lessee / property manager will be responsible for working with the HUD-VASH team to provide comprehensive ongoing services to help the residents address any disabilities or issues they are encountering. Building 205 already has allocated 67VASH vouchers that will make sure the residents' rents are paid but along with these VASH vouchers comes a social services component that will be administered directly by VA or by a third-party to be competitively solicited by VA. In addition to the HUD-VASH staff, the property will have a security guard in the evenings to monitor the people entering and exiting the building, a property manager that will live on site, a repairs and maintenance person, and one life skills staff member. The repairs and maintenance personnel will handle most repairs but any of the more complicated or specialized jobs will be handled through outside contractors. As the general partners and development entities, Shangri-La, Step Up, and Blue Green will monitor the operations of the building and make sure it is compliant with all requirements from VA, investors and lenders.

### **Development Process Milestones.**

The development team has been working on various approvals and removing any potential development barriers since being awarded the EUL including being able to access HHH Funds and identifying the local review agency. Building 205 is on Federal Land and initially did not qualify for the HHH Funds. After extensive work with the City Attorney's Office, the City of Los Angeles made the determination that Building 205 is eligible to receive HHH Funds. An



application for HHH Funds was submitted in December 2017 and received an award of \$12 million that can be used for the development of Building 205. Receiving the HHH funds was critical to the financing plan as this fills any potential financing shortfall. The HHH Funds are the only discretionary financing since the tax-exempt bonds and low-income housing tax credits are by right for property that is rent restricted, and provides housing to homeless or formerly homeless Veterans. The other key approval was having the County of Los Angeles agree to serve as the local reviewing agency. Fortunately, the County has agreed to provide the necessary zoning letters and eventually the certificate of occupancy. As such Building 205 is being designed with the County requirements in mind. The County will serve as plan check approver, provide the permits and the ongoing inspections.

**Development Schedule.** The development has obtained all of the necessary sources of financing by receiving an allocation of low-income housing tax credits and tax-exempt bonds in April 2019. With the receipt of the tax credits and bonds the team is working with the lenders and investors to complete all of the underwriting. The underwriting and closing process will occur concurrently along with the completion of the construction drawings, which is expected to be by late January 2020. By mid-January, it is the expectation that the loan documents and partnership agreements will be complete along with the legal terms and exhibits. This timing will follow the December 1, 2019 execution of the EUL. As such, all of the financing will be available, and we will then proceed with construction commencement by end of March 1, 2020. The architect, Sejal Sonani, has been working on the design plans and expects to have them signed off by the County by mid December 2019. The construction is expected to last approximately 18 months concluding around late October 2021. The units will then be occupied by October 2021.

Due to the high demand for units we expect the building to be fully occupied on day one of occupancy opening. The property management team will work with the HUD-VASH Case Managers to begin the qualifying, screening and interviewing process by August 2021 to ensure sufficient qualified tenants immediately after occupancy. Post-occupancy, BlueGreen, Step-Up, and Shangri-La will process the remaining low-income housing tax credit contributions so as to pay down the construction loan from the higher balance to the permanent loan amount. The milestones for these remaining tax credit payments are completing all of the construction, occupying the building at 90 percent for 90 days with a debt service coverage factor at a minimum of 1.15 percent. Given the high demand for Veteran serving homeless housing this should comfortably happen on schedule given the prequalification strategy that will be implemented by Step Up starting in August 2021. Below are summaries of the key activities and milestones.

#### **Timing of Financing Sources and EUL Execution**

(b) (4)

### Timing of Design and Construction Documents

Item	Completion Date
Identify Local Agency and reach service agreement	Complete
Schematic Design	Complete
Design Development Completion	Complete
Plan Check Submittal	Complete
Plan Check Approval	12/31/2019
Construction Documents Complete	1/15/2020
Pull Building Permit	1/30/2020

### Construction Milestones

Item	Completion Date
Notice to Proceed	2/28/2020
Construction Completion	10/30/2021

### Occupancy Milestones

Item	Completion Date
Identify potential residents	8/1/2021
Interview residents	8/15/2021–9/15/2021
Initial Occupancy of Units	10/15/2021
Full Occupancy	1/15/2022 or earlier

### Community Awareness and Outreach

With over 300 projects since 2008, Shangri-La has effectively engaged with a multitude of stakeholders to successfully complete projects. The development team along with Step Up have worked on obtaining local support and this was demonstrated during the HHH Fund allocation process. A number of supporters spoke fervently in support throughout the review process, which culminated in the City Council and Mayor's approval. The homelessness crisis is the biggest local issue in Los Angeles. Tod Lipka, the Executive Director of Step Up, and residents of Step-Up projects are often quoted on this subject in local publications and media. Going forward a member of the development team will participate in some level of the management of community relations including Small/Local/Disadvantaged businesses for procurement and job availability purposes and with public officials, and neighboring stakeholders, utilizing the plan as described below.

### Community Relations Plan (Community Awareness Plan)

**Overview:** This community relations plan ("Community Relations Plan") is designed to communicate and manage relations with two primary groups: the General Public and the Local Community. The subject matter of the Community Relations Plan should be concise and agreed upon by key Stakeholders (the Lessee, the VA, the Property Managers, Developer). The Community Relations Plan will be effective during the development and construction and continue through the Term of the EUL.

**Goals:** The community relations plan is designed to achieve three main goals

1. Create a means of communication between the General Public and Local Community on the one hand, and the Stakeholders on the other hand, that is (a) timely (b) informative and (c) accurate and (d) a means for the Public to be heard;
2. Establish an understanding with the Local Community and General Public that the purpose of the development of Building 205 and related activities is for a worthy ideal

that benefits everyone (the General Public, Local Community, Stakeholders, and Tenants), more specifically:

- i. As it relates to the Local Community, establish an understanding that there is minimal to no negative impact to them, and that as a matter of fact, the development of this housing is beneficial
    - a. Safety is priority – that adequate safety measures are in place
    - b. Financial interests are unaffected – that property values will not be negatively affected; and in fact, may go up with the improvements to the surrounding areas
  - ii. As it relates to the General Public, establish a clear understanding the public policy issue surrounding chronically homeless individuals affects all peoples, and cannot be ignored, and that further, the solutions promoted by the development of Building 205, endorsed by the Stakeholders, is an effective and meaningful way to address this public policy issue.
3. To generally promote transparency of the development of Building 205.

**Strategies:** The Lessee will employ the following strategies

1. Public forum meetings, including specific agenda and Q&A sessions, as needed (or on a regular basis as the case may warrant), with notice given in the form of publication of meeting dates and times in local newspapers:
  - i. Development and Construction Phase: Endeavor to update the General and Local Community upon key milestones or any construction impacts (if applicable), on a regular basis.
  - ii. During the Lease Term: on an as – needed basis.
2. Regularly published updates in local newspapers as to the status and purpose of the Project (for Local Community target audience);
3. Strategic articles, interviews and advertisements in wide reaching local publications

With the entire project team, Shangri-La will implement a comprehensive Communication Plan to inform public officials and the neighboring community well in advance of potentially impactful activities related to the project, if applicable. The plan will specifically target all parties in close proximity to the site. Communication strategies include:

- Traditional signage including flyers and job site banners.
- A project specific webpage including general project information, news, answers to frequently asked questions, and real-time information.
- Hard copy and digital newsletters.
- Social Media including a network of social channels such as Facebook, Twitter, YouTube, etc. to disseminate information and draw traffic to the main website.
- Traditional Media including local print media.
- Hotline that will be answered by field staff to address potential concerns.

The development team will coordinate all Community Relations activities with VA, the Developer, and Property Manager. The development team does not anticipate the need to hire qualified outside public relations professionals, but such services may be engaged if warranted.

## **Community and Contractor Outreach Plan**

As part of the development of Building 205, the development team plans on developing a strategy that encompasses goals specific to the utilization of local, small and disadvantaged contractors in the course of construction. In addition to these goals we also plan on hiring Veterans and/or firms owned by Veterans. The Community Outreach Plan is outlined as follows:

### **Mission Statement**

The development team is committed to providing new and ongoing opportunities to Service-Disabled Veteran Owned Small Business (SDVOSB), Veteran Owned Small Businesses (VOSB), and Minority/Women/Other Small Business Enterprises. It is our goal to increase the participation of these entities in our construction projects by actively soliciting and utilizing their services. The development team believes that local small, disadvantaged, and/or Veteran owned business enterprise drive competitiveness, innovation, and strengthen the economy.

Prioritization of SDVOSB and VOSB: In consideration the Project's VA origins, and recognizing the increased political and economic importance of Los Angeles' Local Business Enterprise (LBE) program, and Small Business as a whole, SDVOSB and 8A Businesses, Shangri-La shall give priority to SDVOSB and VOSB, followed by LBE related subcontractors.

### **Policy Objective**

To meet, or exceed the SDVOSB, VOSB, as well as local MBE, WBE, and Other Enterprises participation goals.

Policy: It is the intent of this policy to utilize qualified and certified SDVOSB, VOSB, Minority Business Enterprises (MBE), Woman-Owned Business Enterprises (WBE), and Other Business Enterprises (OBE) suppliers and subcontractors to the maximum extent practical and consistent with our client's requirements. The intent is to pass through to the Subcontractors equal responsibility to solicit and contract such business enterprises. Shangri-La will participate with its first-tier business subcontractors and vendors who have contracts in excess of \$25,000 to identify potential second tier and third tier SDVOSB, VOSB, MBE/WBE/OBE subcontractors.

Specific Policy Plan: Shangri-La will implement for the project, the following items to solicit SDVOSB, VOSB, and MBE/WBE/OBE firm's interest and ultimate team participation:

- Advertise – Inform local agencies of the opportunity to bid. Advertise in publications such as Dodge Construction News Greensheet, Small Business Exchange, Los Angeles Sentinel, Minority Bidders Bulletin, Challenge News, LA Opinion, Eastern Group Publication, etc. as warranted
- Inform – Develop Bidders list for specific trades. Identify available work areas for SDVOSB, VOSB, and MBE/WBE/OBE firms. Solicit invitations to firms by using available databases from such federal and local agencies (as an example only, Caltrans and LAMTA). Send bid opportunity notice to local chapters of various minority business organizations.
- Invite – We will send invitations to Bid (ITB) to all known and qualified SDVOSB, VOSB, and MBE/WBE/OBE firms in our subcontractor / supplier database located in the region of the project.
- Define – Shangri-La will specify areas of the project for review, and when appropriate, we will identify specific areas for consideration for breakout for SDVOSB, VOSB, and MBE/WBE/Other Business Enterprises competition with the majority subcontractors to ensure "flow down".



- Follow up – Telephone follow ups to seek and determine firms with a certainty to participate. Provide documents to firms that have accepted the invitation. Interested subcontractors and suppliers will be directed to contact Shangri-La for a Subcontractor Qualification Questionnaire.
- Second and Third Tier – Assist first tier subcontractors to identify second and third tier companies that can provide services and goods to them.
- Shangri-La will participate with our first-tier large business subcontractors and suppliers to identify potential SDVOSB, VOSB, and MBE/WBE/Other Business Enterprises.
- The percentages achieved in these categories by our large business via second and third tier sources shall be applied to our overall targeted percentages.
- Post Bid – Bids are thoroughly evaluated prior to award. As a part of that evaluation we will analyze the first-tier subcontractors' commitment to qualified SDVOSB, VOSB, and MBE/WBE/OBE firms and their implementation plans.
- Shangri-La will utilize an Outreach Objective spreadsheet to monitor and track all outreach results.
- Shangri-La has already identified a Veteran-owned contractor who will serve as a subcontractor on many of the trades.

### **Community and Contractor Outreach Processes and Procedures.**

To further these policies and goals, Shangri-La has a full-time team dedicated to managing its Corporate Small/Local/disadvantaged (including VA SDVOSB/VOSB) Business Program. Shangri-La's program is structured to provide maximum practicable opportunities to Small/Local/Disadvantaged subcontractors by following a structured procurement process that begins by focusing on Awareness, Communication, and Outreach.

Shangri-La begins by identifying and breaking down the various scopes and trades of the project where Small/Local/Disadvantaged subcontractors can be successful. Once scopes are identified, Shangri-La works on building potential subcontractor lists for outreach. Shangri-La will meet and work with the agency, Community Based Organizations (CBOs), Special Interest Groups (i.e. Black/Latino/Asian Chamber of Commerce), Veterans' groups, and VA and use historical project data to create a list for Outreach. Shangri-La will advertise the opportunity via public print publications (i.e. newspapers, trade publications), and websites (i.e. Office of Contract Administration, corporate and project specific websites). Outreach and town hall type meetings are conducted to meet and greet Small/Local/Disadvantaged businesses and workforces. Shangri-La's focus is to encourage Small/Local/Disadvantaged subcontractors to participate in the bidding of the upcoming contract opportunity. Shangri-La reinforces awareness with phone, email, and fax communications all the way through till final procurement.

When a Small/Local/Disadvantaged subcontractor is contracted, Shangri-La helps manage and support them through the entire project lifecycle to ensure that they are integrated into the overall team environment. A dedicated Small/Local/Disadvantaged business manager, responsible for assisting and guiding subs through the various phases of construction, is assigned to each project. From kick-off meetings to support for paperwork, billing, documentation, logistics, scheduling, logistics, coordination of trades, construction, conflict resolutions, and final close-out, Shangri-La is structured to help Small/Local/Disadvantaged subs achieve successful outcomes. In addition, regular meetings are held to discuss areas of success and improvement. The lessons learned through these meetings are then applied to Shangri-La's overall corporate program.

Shangri-La's Corporate Small/Local/Disadvantaged Unit primary focus is to provide guidelines for existing and future projects as it relates to small/local/disadvantaged contracting for

subcontractors, suppliers, vendors, and merchants. This group will be staffed by a Manager, whose job it is to deal with the daily interactions with the Small/Local/Disadvantaged business. The Manager has a thorough understanding of Shangri-La's construction principles, processes, and policies, and is the initial "go-to" person for small/local/disadvantaged subcontractors to contact for project related questions.

By investing into and developing a Corporate Small/Local/Disadvantaged Business unit, Shangri-La has created internal subject matter experts for small business support. This group is the central resource for policies, procedures, and most importantly, making opportunity connections among all Shangri-La projects. Creating a network and timely placing small/local/disadvantaged business concerns in touch with potential work is by far the greatest service Shangri-La can provide to the small/local/disadvantaged community associated with this development. More often than not, Small/Local/Disadvantaged Business opportunities are lost due to a lack of communication and information sharing within a project, as well as across different projects. Shangri-La's Corporate Small/Local/Disadvantaged Business unit is organized and structured to bridge those potential gaps so small business opportunities can be taken advantage of and not forgotten.

Small/Local/Disadvantaged Business is an agenda item in monthly team meetings. In these meetings, the Manager is given a platform to address the entire team on Small/Local/Disadvantaged issues, and to gather project related information to be shared with Small/Local/Disadvantaged businesses. Shangri-La commits the time to always address Small/Local/Disadvantaged related items. By following this regiment, Shangri-La is able to address issues and share information quickly.

Shangri-La's Corporate Small/Local/Disadvantaged Business unit provides "Small/Local/Disadvantaged Business Training" for internal employees. This curriculum is a part of corporate training and development program. All employees who wish to attain "middle management" positions (Project Managers and Superintendents), or above are required to complete career development courses designed to educate and broaden professional staff. Small Business Training encompasses the fundamentals by defining a Small/Local/Disadvantaged business and the importance of them to the overall US and Local economy, and in building a stable of solid sub-contractors. Next, strategies are discussed on how to recruit Small/Local/Disadvantaged businesses and discuss the various scopes typical on a construction project that are well suited for Small/Local/Disadvantaged business participation. This is a highly collaborative process.

The training also reviews internal corporate policies and procedures and adjustments made specifically with small business operations. For example, methods to assist with accounting (i.e. expedient payments, bonding, and insurance), project operations, administration, and overall communications are examined. The training curriculum also includes topics on Mentor-Protégé relationships, what they mean, their importance, and Shangri-La's development in these types of relationships. Trainings prepare project managers "How to Prepare a Small/Local/Disadvantaged Business Subcontracting Plan" to achieve and surpass goals on projects. In addition, and aside from Small/Local/Disadvantaged Business topics, training also covers the efforts needed to achieve Equal Employment Opportunities on a project, namely minority and female participation. This is an important initiative that is called out within our training. Trainings are formally held annually, but independent sessions are conducted as often as needed to educate remote project teams.

Financial funding is an enormous obstacle for many Small/Local/Disadvantaged Local Businesses. Many cannot wait the average 30 to 45-day project billing cycle. Shangri-La understands this and has stepped in on various occasions to provide financial assistance to Small/Local/Disadvantaged businesses. Shangri-La has implemented advance payment, as well as joint checks with some subcontractors to help them pay for their material and other incidental costs to perform work.

Shangri-La has established policies and winning strategies to award opportunities to Small/Local/Disadvantaged subcontractors on projects. Shangri-La's goal is to be an industry leader in Small/Local/Disadvantaged business participation.

## **II. Transaction Terms**

The development of Building 205 involves various sources of financing including tax exempt bonds, low income housing tax credits and local funds in the form of HHH Funds. The financing structure also contemplates generating acquisition credits through the leasehold interest. Below is a summary of the transaction:

### **A. Initial Lessee:**

Building 205 Holdings, LLC, a California limited liability company, the members of which are Veterans Housing Partnership, LLC ("VHP") and Communities for a Better Life ("CBL"), a California nonprofit public benefit corporation, will act as initial lessee under the EUL (collectively, the "Initial Lessee"). VHP is owned by Shangri-La, AW Investments, and Blue Green Preservation and Development. CBL is part of the Initial Lessee in order for Shangri-La to have less than a 50% capital and profits interest in Initial Lessee for purposes of the low-income housing tax credits under Section 42 of the Internal Revenue Code (as amended, the "Code"). See discussion below.

### **B. Lessee: Tax Credit Partnership**

Building 205 Preservation, LP, a California limited partnership, is a single-asset, single-purpose entity formed for the tax-exempt bond and tax credit financing (the "Tax Credit Partnership"). The Tax Credit Partnership will be the Assignee under the Enhanced Use Lease (the "EUL"). The general partners will be (i) Building 205 Preservation, LLC, a California limited partnership, a single-purpose entity owned by VHP, and (ii) Step-Up as the managing general partner. The general partners will own less than a 0.01% partnership interest and a tax credit syndicator will be admitted with a 99.99% limited partnership interest.

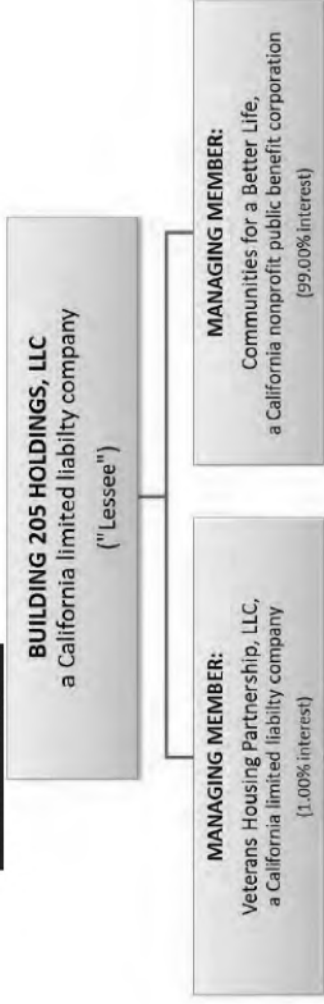
### **C. Other Transaction Parties**

BlueGreen, Shangri-La, and Step Up will act as developers for the project, and BlueGreen and Shangri-La will provide completion guarantees and stabilization guarantees. Step Up will act as property manager and likely the service provider.

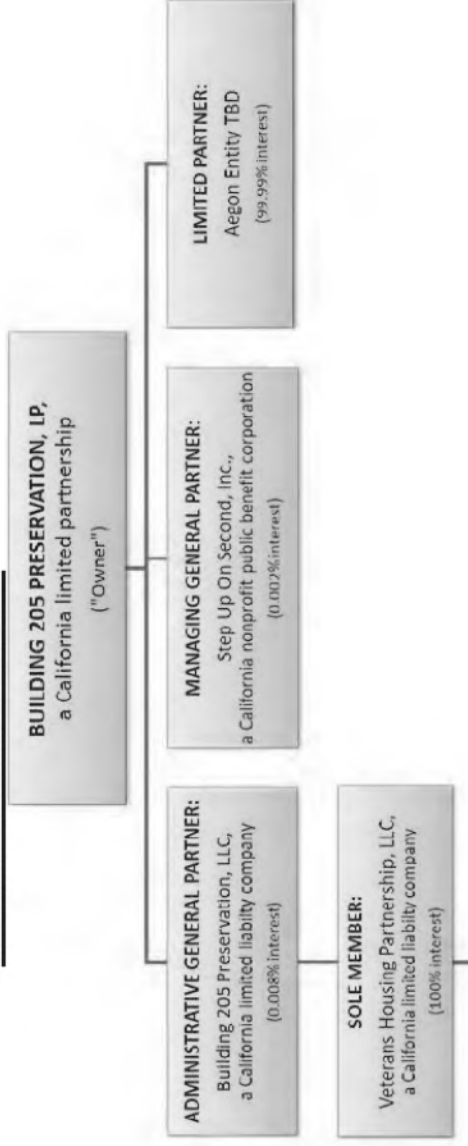
Below is the contemplated organizational chart for the Initial Lessee and its assignee, the Tax Credit Partnership.



**INITIAL LESSEE**



**TAX CREDIT PARTNERSHIP**



### III. Project Financing

(b) (4)

(b) (4)

(b) (4)

(b) (4)

(b) (4)

#### IV. Construction Plan

The development team has been working in conjunction with the project architect to identify the most cost efficient and effective approach for reducing cost yet providing a high-quality building. The development team has determined that the following major systems/items will be design build: structural, mechanical, electrical and plumbing. The building will be designed to meet the local requirements of the County of Los Angeles as they are serving as the local reviewing entity. The development team is also working with the historical consultant on making sure the interior and exterior features are preserved and consistent with NHPA standards. Per the attached letter from the County of Los Angeles, the proposed development of 68 units of housing for homeless Veterans is consistent with the County's Housing element so no variances or restrictions are applicable to this site. Building 205 will meet the County's development requirements including parking and accessibility requirements. The tenant populations are not likely to have cars as they were previously homeless so even with the necessary on-site staff, we expect minimal traffic to result from these additional residents. As described previously the landscaping in the courtyards will be drought resistant. The courtyards will be redesigned to create a campus feeling for the residents so they can relax outside.

#### Utilities Plan

The utilities plan for this project is as follows. The Lessee will incur all of the cost of accessing these services and maintaining the connections to these services:

Table 4: Utilities

Utility	Provider	Connection Details
Potable Water	Los Angeles Department of Water and Power	<ul style="list-style-type: none"><li>• Lessee will establish connections from Lessee property to the existing water main.</li><li>• Lessee will install sub-meter(s) in the water line(s) serving its residential facilities.</li></ul>
Sanitary Sewer	Los Angeles Department of Water and Power	<ul style="list-style-type: none"><li>• Lessee will replace laterals to tap into the main sewer line near each of the buildings and will arrange a direct payment rate with the LADWP so that it is billed for and pays directly for sewer service for its residential community.</li></ul>
Electricity	Southern California Edison (SCE)	<ul style="list-style-type: none"><li>• Building 205 will connect directly to a SCE power source along Bonsall.</li><li>• The availability of electrical power is expected to coincide with the completion of Building 205.</li></ul>

Utility	Provider	Connection Details
Natural Gas	Southern California Gas	<ul style="list-style-type: none"> <li>• Lessee will provide connection to new gas service along Bonsall.</li> </ul>
Stormwater		<ul style="list-style-type: none"> <li>• The landscaping plan is being designed to absorb all of the storm water. Based on the result of a soils test, a swell might be placed in the courtyard as part of the landscaping plan to capture all of the storm water on site. The design is pending the percolation test results.</li> </ul>
Telecommunications, Cable & Low Voltage Systems	Spectrum	<ul style="list-style-type: none"> <li>• Lessee will arrange for the direct provision of and billing for cable and phone service from Spectrum for its residential development and associated cable and phone needs.</li> </ul>

### Conceptual Drawings and Site Plan.

The architect has been working on the conceptual drawing per the descriptions above. See Exhibit C of the EUL for the site plan and design plans respectively.

## V. Project Operations & Tenant Selection

### Overview.

- A. Project Development Operations. Lessee will be the primary contact for all Operations, and shall provide general contracting services, and shall engage key team members for the development and financing aspects of the Project (previously defined as the Developer) as well as a Property Manager, and Supportive Services provider (previously defined as Step Up).
- B. Property Management Operations. All properties will be managed by a qualified property management company, currently identified as Step Up. Step Up will hire and train property management teams. Over the past 30 years, Step Up has developed training procedures and curriculum that address the scope of skills and sensitivities required to work with populations that are experiencing homelessness and mental health issues, including issues unique to Veteran populations. The main administrative headquarters for Step Up is located in Santa Monica, California at 1328 Second Street Santa Monica, CA 90401. Program support services office are located in Santa Monica, Hollywood, Beverly Hills, San Bernardino County, Orange County, and will soon open in Riverside County. Additional information at [www.stepuponsecond.org](http://www.stepuponsecond.org).

### C. Tenant Selection/Affirmative Marketing Plan.

See Exhibit F Tenant Selection Plan

### D. Property and Asset Protection:

Bills will be paid and accounts will be funded pursuant to the requirements of the project's Regulatory Agreement(s) and Extended Use Agreement. Specifically:



A purchase order system will be utilized by the Property Manager to document all project expenses with the exception of items and services provided on a regular contractual basis.

Lessee shall maintain the following separate accounts:

1. General Operating Account: The Agent shall maintain an Operating Account for rent collection and payment of the project's operating expenses.
2. Replacement Reserves/Capital Fund account: This account will be funded annually per the regulatory agreement/extended use agreement from the Operating Budget. The initial contribution to this Account will be determined by the Lessee. The amount of funds will be based on a capital improvement schedule of anticipated useful life and replacement needs for major items. An annual deposit of \$300 per unit per year escalating at 3 percent will be made as part of the proforma.

Replacement Reserve Funds may not be withdrawn without proper approvals.

3. Trust Account: A Trust Account shall be maintained for the resident's security deposits. All deposits shall be refunded upon termination of residency and refunded within 21 days. In the event that the resident has not met all of the refund requirements, a summary of charges will be sent to the residents within the 21 days.

#### E. On Site Staff Plan

Resident Manager: The RM is responsible for the onsite operation of the property and is directly responsible to the Property Manager who is responsible for the housing department's operations. The RM will live onsite and will not pay rent for the apartment that is conditional to employment and made available to perform the RM duties

The RM is scheduled to work eight (8) hours per day, from Monday through Friday. The RM will be responsible for all after hour calls and emergencies and must respond within 24 hours. The RM will keep adequate time records to ensure honoring labor laws. The RM will work in conjunction with the Project's onsite Life Skills/Activities Staff (1FTE) and the tenants' individual HUD-VASH Case Managers (CM) to ensure open lines of communication between all parties. Essential duties are outlined in the job description approved by Lessee.

In addition to the VASH Social Services Staff, an auxiliary life skills/activities services coordinator will be onsite full-time and paid through the operating budget.

#### F. Services Plan (see Exhibit E Operations & Maintenance Plan)

## **Performance Objectives.**

- A. Project Development and Construction. The following key performance objectives shall guide the Project Development activities:

- (1) Provide above standard quality living quarters that are compliant with current code and consistent with current living trends in terms of wellness, and sustainability;
- (2) Cost effective approach that can be duplicated for the purpose of scalability of permanent supportive housing models for the VA and similar stakeholders;
- (3) High safety standards for construction and public use.

Full Time Employees - Construction. Building 205 is expected to have dedicated full time construction staff members (superintendent, project manager, and assistant project manager) to handle construction.

Full Time Employees - Development. Building 205 is expected to have dedicated full time Development staff members (development manager) to handle all development aspects. Additionally, Shangri-La shall supplement the Project with qualified support staff as needed as part of the over-all corporate structure.

- B. Property Management and Supportive Services. The following key performance objectives shall guide the Property Management and Supportive Services:

- (1) Place Veterans in stable housing;
- (2) Retain Veterans in housing;
- (3) Provide stability and self-efficacy;
- (4) Access all benefits that are available to participating Veterans;
- (5) Develop and strengthen life skills.

Full Time Employees. Building 205 is expected to have staff (as detailed elsewhere in this Development Plan and Exhibit E Operations & Maintenance Plan) to handle property management issues as well as be the lead liaison for supportive services

**APPENDIX: Attachment 1: Local Reviewing Agency Letter**

## **APPENDIX: Attachment 2 Energy Crosswalk**



COUNTY OF LOS ANGELES  
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET  
LOS ANGELES, CALIFORNIA 90012-2713

MARY C. WICKHAM  
County Counsel

March 8, 2018

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California Tax Credit Allocation Committee  
915 Capitol Mall, Room 485  
Sacramento, California 95814

Project Name: VA Buildings 205 and 208-Housing  
Project Address: 11301 Wilshire Boulevard  
Los Angeles, California 90037  
Project City: Los Angeles  
Project County: Los Angeles  
Housing Type: Studios/One-Bedroom Apartments  
Proposed Number of Units: 58 Studios/64 One-Bedrooms  
Assessor Parcel Number(s): 4365-007-903

Dear Sir or Madam:

The parcels upon which the above-described low-income projects will be developed are located on federally-owned property in unincorporated Los Angeles County ("County"). While the relevant parcels are zoned open space by the County, the County's zoning regulations are not applicable and local land use approval is not required. However, the projects, as proposed, are consistent with the County's Housing Element, a component of the County General Plan. More specifically, the projects are consistent with numerous goals and policies of the Housing Element, including the following goals: (1) provide a wide range of housing types to meet the needs of residents, including the homeless and at-risk homeless; (2) provide a housing supply that ranges broadly in costs to enable all to secure adequate housing; (3) provide a housing delivery system that provides assistance to low income households and those with special needs; and, (4) provide affordable housing maintenance for its long term availability to low income households and those with special needs.

Among the County's Housing Element policies with which the projects comply are the following: (1) mitigate impacts of governmental regulations that constrain the provision and preservation of affordable housing; (2) support

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development of affordable housing near employment opportunities; (3) promote diversity of housing types to increase housing choices; (4) provide supportive services to low income households and those with special needs to attain and maintain affordable and adequate housing; and (5) support the distribution of affordable housing and transitional housing in geographically diverse locations throughout the unincorporated areas, where appropriate support services and facilities are available and in close proximity. As such, the projects are consistent with the County General Plan.

Very truly yours,

MARY C. WICKHAM  
County Counsel

By

(b) (6)  
ELAINE M. LEMKE  
Assistant County Counsel  
Property Division

EML:vn

## VA WEST LA CAMPUS BUILDINGS 205 & 208

### Comparison of LEED v4 Multifamily Low rise for Building Design and Construction to National Green Building Standard for New Construction (Multifamily) 2015

#### LEED Certification

Certified: 40 to 49 points

**Silver: 50 to 59 points**

Gold: 60 to 79 points

Platinum: 80 to 110 points

#### National Green Building Standard

Bronze: 231-333 total points

Silver: 334-488 total points

Gold: 489-610 total points

Emerald: 611+ total points

\*Projects must meet the minimum point threshold levels in every chapter to attain overall certification

\*points for each measure located in brackets [ ]\*

LEED v4 (Homes & Multifamily Lowrise)			National Green Building Standard
	Integrative Process	2	-502.1: Project Team, Mission Statement, & Goals [4]
Location and Transportation			
	Floodplain Avoidance	Required	Buildings are located on a hillside and floodplain is not a concern. Per AL-COO
	LEED for Neighborhood Development Location	15	
	Site Selection	8	-501.1(1): infill lot selected [10]
	Compact Development	3	-505.3(4): Density [7] INN -601.6(1): stacked stories [4]
	Community Resources	2	
	Access to Transit	2	
Sustainable Sites			
	Construction Activity Pollution Prevention:  "Create and implement an erosion and sedimentation control plan for all construction activities associated with the project. The plan must conform to the erosion and sedimentation requirements of the 2012 U.S. Environmental Protection Agency (EPA) Construction General Permit (CGP) or local equivalent, whichever is more stringent. Projects must apply the CGP regardless of size. The plan must describe the measures implemented."	Required	-503.4(1): site assessment on soils to maintain site hydrology [7] -503.4(2): hydrologic analysis [10] → maybe -504.3(1): erosion & sediment controls [5] -504.3(2): clearing & grading limits identified [5] -504.3(9): Inspection reports of BMPs available [3] -504.3(3): "No disturbance zones" [5] -504.3(4): topsoil stockpiled for later use [5] -504.3(5): reduction of soil compaction [4]
	No Invasive Plants	Required	-503.5(2): non-invasive vegetation [7]
	Heat Island Reduction	2	-503.4(4)(b): permeable materials used 25-50% [8]
	Rainwater Management	3	-503.4(1): site assessment on soils to maintain site hydrology [7] -503.4(3)(a): Low Impact Development/Green Infrastructure [5] -602.4.1: finished grade sloped away at >2% [mandatory] -602.1.3.1: exterior drain tile [mandatory] -602.1.10(a): install a porch roof awning [2]

	Non-Toxic Pest Control	2	
<b>Water Efficiency</b>			
	<p>Building-Level Water Metering</p> <p>"Install permanent water meters that measure the total potable water use for the building and associated grounds. Meter data must be compiled into monthly and annual summaries; meter readings can be manual or automated. Commit to sharing with USGBC the resulting whole project water usage data for a five year period beginning on the date the project accepts LEED certification or typical occupancy, whichever comes first. This commitment must carry forward for five years or until the building changes ownership or lessee."</p>	<b>Required</b>	We will be doing separate metering for landscape and main building domestic use.
	Total Water Use	12	
	Indoor Water Use Reduction	6	<p>-801.2(2): washing machine [13]</p> <p>-801.3(1): 1.6 - 2.5gpm [5]</p> <p>-801.3(2)(b): shower compartments in accordance 1.9 – 2.0 gpm [10]</p> <p>-801.4.1(1): all bathroom faucets are compliant [3]</p> <p>-801.4.1(2): all lavatory faucets in dwelling units [6]</p> <p>-801.5(2): &lt;1.28gpf [6]</p> <p>-801.5(3): all water closets meet 801.5(2) [5]</p> <p>-801.5(4)(b): urinals &lt;0.5gpf [1]</p>
	Outdoor Water Use Reduction	4	<p>-801.6.1: sprinkler nozzles max precipitation rate of 1.20 inch/hr [6]</p> <p>-801.6.2(1): drip irrigation installed [4]</p> <p>-801.6.4(2): EPA WaterSense Irrigation Controllers [10]</p> <p>-801.6.5: irrigation zones utilize pressure regulation [3]</p> <p>-504.3(7) soil improved with mulch [3]</p> <p>-503.5(5)(b): percentage of turf area [4]</p> <p>-503.5(6): hydrozoning [5]</p> <p>-801.6.3: irrigation plan and implementation [mandatory]</p> <p>-801.6.5: irrigation zones utilize pressure regulation [3]</p>
<b>Energy and Atmosphere</b>			
	<p>Minimum Energy Performance</p> <p><u>Option 1. Whole Building Energy Simulation</u></p> <p>Demonstrate an improvement of 5% for new construction, 3% for major renovations, or 2% for core and shell projects in the proposed building performance rating compared with the baseline building performance rating. Calculate the baseline building performance according to ANSI/ASHRAE/IESNA Standard 90.1–2010, Appendix G, with errata (or a USGBC-approved equivalent standard for projects outside the U.S.), using a simulation model. Projects must meet the minimum percentage savings before taking credit for renewable energy systems. The proposed design must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• compliance with the mandatory provisions of ANSI/ASHRAE/IESNA Standard 90.1–2010, with errata (or a USGBC-approved equivalent standard for projects outside the U.S.);</li> <li>• inclusion of all energy consumption and costs within and associated with the building project; and</li> <li>• comparison against a baseline building that complies with Standard 90.1–2010, Appendix G, with errata (or a USGBC-approved equivalent standard for projects outside the U.S.)</li> </ul> <p>Document the energy modeling input assumptions for unregulated loads. Unregulated loads should be modeled accurately to reflect the actual expected energy consumption</p>	<b>Required</b>	<p>-702.2.1: ICC IECC analysis [mandatory]</p> <p>-702.2.2: Energy Performance Analysis [30pts + (% above ICC IECC 2015) * 2]</p>



	<p>of the building. If unregulated loads are not identical for both the baseline and the proposed building performance rating, and the simulation program cannot accurately model the savings, follow the exceptional calculation method (ANSI/ASHRAE/IESNA Standard 90.1–2010, G2.5). Alternatively, use the COMNET Modeling Guidelines and Procedures to document measures that reduce unregulated loads.</p> <p>OR</p> <p><u>Option2. Prescriptive Compliance: ASHRAE 50% Advanced Energy Design Guide</u>          Comply with the mandatory and prescriptive provisions of ANSI/ASHRAE/IESNA Standard 90.1–2010, with errata (or a USGBC-approved equivalent standard for projects outside the U.S.). Comply with the HVAC and service water heating requirements, including equipment efficiency, economizers, ventilation, and ducts and dampers, in Chapter 4, Design Strategies and Recommendations by Climate Zone, for the appropriate ASHRAE 50% Advanced Energy Design Guide and climate zone:</p> <ul style="list-style-type: none"> <li>• ASHRAE 50% Advanced Energy Design Guide for Small to Medium Office Buildings, for office buildings smaller than 100,000 square feet (9 290 square meters);</li> <li>• ASHRAE 50% Advanced Energy Design Guide for Medium to Large Box Retail Buildings, for retail buildings with 20,000 to 100,000 square feet (1 860 to 9 290 square meters);</li> <li>• ASHRAE 50% Advanced Energy Design Guide for K–12 School Buildings; or</li> <li>• ASHRAE 50% Advanced Energy Design Guide for Large Hospitals, for hospitals over 100,000 square feet (9 290 square meters).</li> </ul> <p>For projects outside the U.S., consult ASHRAE/ASHRAE/IESNA Standard 90.1-2010, Appendixes B and D, to determine the appropriate climate zone.</p> <p><u>OPTION 3. Prescriptive Compliance: Advanced Buildings™ Core Performance™ Guide</u>          Comply with the mandatory and prescriptive provisions of ANSI/ASHRAE/IESNA Standard 90.1-2010, with errata (or USGBC approved equivalent standard for projects outside the U.S.). Comply with Section 1: Design Process Strategies, Section 2: Core Performance Requirements, and the following three strategies from Section 3: Enhanced Performance Strategies, as applicable. Where standards conflict, follow the more stringent of the two. For projects outside the U.S., consult ANSI/ASHRAE/IESNA Standard 90.1-2010, Appendixes B and D, to determine the appropriate climate zone.</p> <p>3.5 Supply Air Temperature Reset (VAV)          3.9 Premium Economizer Performance          3.10 Variable Speed Control          To be eligible for Option 3, the project must be less than 100,000 square feet (9 290 square meters).</p>		
Energy Metering		<b>Required</b>	Every building will have its own separate electric and water meter account. Per AL- COQ
Education of the Homeowner, Tenant or Building Manager		<b>Required</b>	-1002.1: building construction manual [2] -1002.2: operations manual [3] -1002.3: maintenance manual [4] -1003.1: Public education [1]
Annual Energy Use		29	
Efficient Hot Water Distribution System		2-5	-705.6.3: insulating hot water pipes [1] -705.6.4.2: potable hot water demand re-circulation system [2]
Advanced Utility Tracking		2	
Active Solar Ready Design		1	
HVAC Start-up Credentialing		1	-705.6.2.3(2): duct leakage in accordance with IECC R403.3.3 and R403.3.4, testing conducted by third party [5]

			-701.4.1.1: HVAC system sizing [mandatory]
	Home Size	Required	-601.1(1): Conditioned floor area [14]
	Building Orientation for Passive Solar	3	
	Air Infiltration	2	-701.4.3.4: Fenestration air leakage [mandatory] -701.4.2.1: Duct Systems insulation [mandatory]
	Envelope Insulation	2	-701.4.3.1: Building Thermal Envelope Air Sealing [mandatory] -701.4.3.2: air sealing and insulation [mandatory] -701.4.3.2.1: Grade I insulation installation [mandatory] -705.6.1: third-party on-site verification of compliance for insulation installation and completion of building [3] -901.11: insulation [4] -602.1.7.1(2): insulation in cavities is dry [mandatory; 2]
	Windows	3	
	Space Heating and Cooling Equipment	4	
	Heating & Cooling Distribution Systems	3	
	Efficient Domestic Hot Water Equipment	3	
	Lighting	2	-701.4.3.5: Recessed Lighting [mandatory] -701.4.4: High-efficacy lighting [mandatory] -705.2.1.2: exterior lighting [1] -705.2.1.1(2): Interior Lighting [2] -705.2.1.3(1)(b): occupancy sensors [2] -705.2.1.3(2)(b): light level reduction [3]
	High-Efficiency Appliances	2	
	Renewable Energy	3	
<b>Materials and Resources</b>			
	Certified Tropical Wood	Required	Extremely rare for LEED projects. Most of the walls will be sheet rock and metal in between. Certified Tropical wood is not part of the design. Per AL-COO
	Durability Management	Required	-901.1.3(2)(b): direct vent water heaters installed within conditioned space [5] -902.1.1(1): bathrooms vented to outdoors [mandatory] -902.1.1(2): clothes dryers vented to outdoors [mandatory] -602.1.11: tile backing materials [mandatory] -901.1.1: natural draft furnaces, boilers, water heaters not located in conditioned spaces [5] -901.6: carpets [mandatory] -602.1.14(2): no roof configurations that create horizontal alleys in roof design [2] -602.1.14(3): no recessed windows & architectural features that trap water on horizontal surfaces [2] -605.2: On-site Recycling -607.1(1): Built in recycling containers [3] -602.1.7.1(3): moisture content does not exceed 19% [4]

			-602.1.7.2: moisture content of subfloor, substrate, concrete slabs in accordance with industry standards [2] -602.1.9(1): flashing [mandatory] -602.1.9(2): all window & door head and jab flashing [2] -602.1.9(6): through-wall flashing installed between wall cladding materials or wall construction types [2] -602.1.7.1(1): materials with visible mold not installed [2]
	Durability Management Verification	1	
	Environmentally Preferable Products	4	
	Construction Waste Management	3	-605.1: Construction Waste Management Plan [6] -605.3 Recycled Construction Materials [6]
	Material Efficient Framing	2	-601.9: above grade wall systems [4] -603.1 Reuse of existing building [12max]
<b>Indoor Environmental Quality</b>			
	Ventilation	Required	-902.2.1(1): whole building ventilation system [3] -902.1.1(1): bathrooms vented to outdoors [mandatory] -902.1.1(2): clothes dryers vented to outdoors [mandatory] -705.4: return ducts and transfer grilles [2]
	Combustion Venting	Required	-901.12: CO alarms [mandatory]
	Garage Pollutant Protection	Required	-901.3(a): doors tightly sealed and gasketed [2] -901.3(b): continuous air barrier provided [2]
	Radon-Resistant Construction	Required	-602.1.1.1: capillary break [mandatory] -904.1 Indoor Air Quality During construction [2]
	Air Filtering	Required	-902.2.3: MERV 8-13 [2]
	Environmental Tobacco Smoke Control	Required	-901.14(1): interior common designated as non-smoking with signage [1] -901.14(2): exterior areas no smoking [1]
	Compartmentalization	Required	-902.6: living space contaminants [mandatory]
	Enhanced ventilation	3	-902.1.2(1): bathroom/laundry exhaust fan equipped with humidistat [5] -902.1.4(1): exhaust fans ENERGY STAR [2]
	Contaminant Control	2	
	Balancing of Heating and Cooling Distribution Systems	3	-705.6.2.3(2): duct leakage in accordance with IECC R403.3.3 and R403.3.4, testing conducted by third party [5] -705.6.2.2 HVAC airflow testing [5] (maybe point) -902.4(1)-(2): HVAC system protection [3]
	Enhanced Compartmentalization	1	
	Enhanced Combustion Venting	2	-901.2.2: fireplaces, woodstoves, pellet stoves, or masonry heaters not installed [6]
	Enhanced Garage Pollutant Protection	2	

	Low-Emitting Products	3	-901.5(2): Cabinets [3] -901.7: Floor Materials [8] -901.8: Wall Coverings [4] -901.9.1(2)-(3): Site-applied interior architectural coatings [5] -901.9.2: Architectural coating colorant additive [1] -901.10(3): interior adhesives and sealants [5]
<b>Innovation</b>			
	Innovation	5 Pts vary by chapter	*innovative practice credits are marked with 'INN'
	LEED Accredited Professional	1	
<b>Regional Priority</b>			
	Regional Priority: Specific Credit	1	
	Regional Priority: Specific Credit	1	
	Regional Priority: Specific Credit	1	
	Regional Priority: Specific Credit	1	

Property Name	Building 205	Credit Type	4%
Property Partnership	Building 205 Preservation, LP	Year of Credit Allocation	
Address	[Address]	Partnership Structure	Single Tier
City, State	Los Angeles, CA	DDA or QCT Area Multiplier	No
County	Los Angeles	Credit Price -LIHTC	(b) (4)
MSA	Los Angeles-Long Beach-Orange County	Federal LIHTCs	11,361,294
Tenant Type	Veterans	Federal Historic Tax Credits	0
Number of Buildings	1	State Historic Tax Credits	0
Site Acreage	0.00	Total Development Cost	40,887,742
Current Occupancy	N/A	Anticipated Closing	December, 2019
Tax Abatement	Yes	Construction Dates (Estimated)	
Development Type	Adaptive Reuse	Commencement	December, 2019
		Completion	June, 2021

## Unit Configuration

	<u>Units</u>	<u>Type</u>	<u>Sq. Ft.</u>
	32	Single	300
	35	1 BR	500

Total Number of Units 67  
 Total LIHTC Units 67

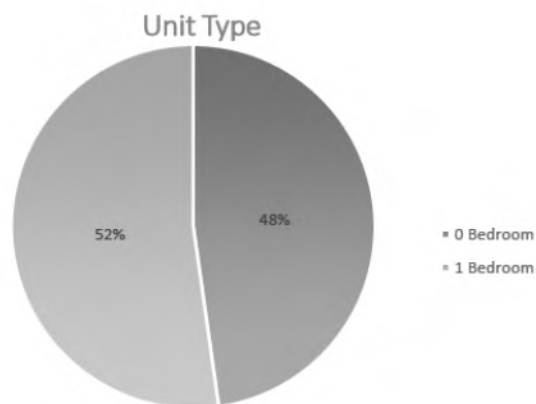
## Unit AMI Summary

40 units (59.7%) of the total units at 60% or less of AMI  
 27 units (40.3%) of the total units at 50% or less of AMI

(b) (4)

## Revenue Sources

(b) (4)



Year-1 Stabilized Proforma

(b) (4)

(b) (4)



(b) (4)

(b) (4)

(b) (4)

(b) (4)

(b) (4)

(b) (4)

Development Budget

(b) (4)

**EXHIBIT "E"**

**OPERATIONS AND MAINTENANCE PLAN**



**West LA Campus – Building 205**  
**Exhibit E: Operations & Maintenance (O&M) Plan**

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## O&M Plan Goals & Objectives

The overall operating procedures, property management policies, and organizational processes and systems for Building 205 are highlighted in this O&M Plan. The primary goal of the plan is to provide the level of service that will ensure resident support and satisfaction and a quality independent living community for the homeless and at-risk Veteran population that the project will serve.

The Lessee assumes overall responsibility for coordinating the maintenance and operations of this project throughout the duration of the lease term.

## Site Safety and Health

The project will be operated in compliance with the requirements of all national, state, county and city laws. All required construction will be done with permits and will comply with the LA Building Code and other applicable codes.

## Compliance with All Relevant Codes and Standards

The Lessee and its team members are familiar with and fully commit to comply with all state, county, local, and federal government codes and standards which apply to the operations and maintenance of the facility. The Lessee will assume the responsibility of educating all team members regarding specific rules and regulations that apply to the performance of operations and maintenance services that they will be providing, including but not limited to the following:

**a. National Fire Protection Association** – The Lessee will comply with the National Fire Protection Association (NFPA) guidelines in its operations.

**b. American Disabilities Act (ADA)** – The Lessee will comply with the regulations established by the ADA to ensure that all citizens have equal accessibility to all public facilities.

**c. Building Code** – All maintenance and construction work will be performed with proper permits from the City of LA and will comply with the LA Building Code, OSHA, and other pertinent codes. Management will report to VA results of any inspections by the Federal, City, State, Country or local authorities on an annual basis or more frequently as Lessee may decide.

## Management Service Commitment

Our service commitment and quality guarantee are established with the adherence to all codes and standards in mind. This is not only to include the specific codes elaborated above but any and all codes and standards that are established by and recognized by federal, state, county and local institutions.

SERVICE COMMITMENT	
Type of Work	Performance Threshold
Police, Medical, Fire Emergencies and/or other Critical Events	For a comprehensive guideline response to emergencies that shall include the authorities to contact, the order in which such authorities should be contacted, as well as contingency plans and general guidelines to address common scenarios, including time frames, see page 9 (Emergency Response Plan).
Routine Service or Work Orders	Respond within three calendar days and perform maintenance or repairs until problem is repaired or equipment is replaced within allotted time. Life and Safety Repair needs will be completed immediately.
Preventive Maintenance	Schedule and perform preventive maintenance as scheduled.
Customer Satisfaction	Goal of no more than 1 complaint per month.
Complaint Resolution	All complaints will be addressed within one business day and resolved within 48-hours, if possible. Otherwise, complaints will be resolved as quickly as feasible.

## Service and Work Order Call System

A service and work order system will be developed that is responsive to the needs of the residents and the overall facility. Work orders will be classified as critical, emergency, and routine work requests. The Lessee will have a 24-hour answering service to answer all calls when a Lessee staff member is not available on site. The answering service triages calls as appropriate. Maintenance staff are on call always.

- a) **Preventative** Maintenance is scheduled on a regular and ongoing basis. Third party contracts will be in place for each of these systems; HVAC/Boiler, fire sprinkler systems, fire alarm detection systems and generators.
- b) **Routine** maintenance requests will be submitted through a written work order and submitted to the Lessee. It will be tracked and coded for response based on a project determination of importance, but will be addressed within the three-days. All calls or reports for service needs will be kept as a matter of record by the Lessee's electronic property management software. All work and response times will be performed in accordance with standard commercial practices, manufacturer's recommendations, and applicable federal, state, and local rules and regulations. Additionally, a log will be maintained showing the status of all pending or complete service and work orders to include open and close dates and the elapsed time in days for the repair to be completed.
- c) **Critical** maintenance requests exist when a health or safety issue are present, or a repair is necessary to prevent further damage to the project. The maintenance team will prioritize these requests. Critical maintenance repairs will be completed as quickly as possible and maintenance staff will remain onsite until the repair is completed, and the safety concern no longer exists.
- d) **Emergency** maintenance repairs take the highest priority and the VAMC will be notified if an emergency maintenance repair is taking place. Lessee staff will remain onsite until the emergency maintenance repair is completed. Staff are on call 24 hours a day, seven days a week for critical and emergency repairs.

## Building and Grounds Maintenance

The Lessee shall be solely responsible for maintaining and ensuring that the Project is in good repair and operating in accordance with local codes. Operating funds will be budgeted and established in amounts sufficient to ensure the ongoing viability and success of the project. The development will be self-sufficient in that all of the maintenance and property management activities will be paid through the project rents and at no time and in no way will project operations or maintenance be the responsibility of the VAMC.

Management will provide the following on behalf of the Project:

- a) Oversight and planning for long term maintenance of building and grounds, safety and security, and the well-being of the tenants.
- b) Daily attention to the development's mechanical plant and equipment, focusing on responsible preventive care.
- c) A work order system to handle repairs and service requests from the residents or regular maintenance in a timely and efficient manner and tracking and protocols to address any continuing problems to resolve ultimately such problems.

- d) Regular cleaning and maintenance of common areas by staff or oversight of contract services to enhance the appeal of the facility and a sense of pride and pleasure by the residents.
- e) Grounds upkeep, including but not limited to mowing, power-washing, landscaping, graffiti abatement, trash removal and maintaining exterior appeal and safety either by site staff or through contracted services. All sidewalks, driveways, porches, and patios shall be cleared of debris. The grounds will have the grass mowed, trimmed, watered, and edged; trees and shrubbery shall be pruned; all weeds, trash, and other debris shall be removed.
- f) Purchasing of supplies and equipment with concern for safety and economy of life/use.
- g) High regard for maintaining security systems, lighting, emergency response, and alarm systems for the well-being of tenants and the neighbors.
- h) Ongoing oversight of short- and long-term capital repair needs.
- i) A separate contractual relationship will be established with a third-party company for trash removal on the EUL site and at the Project. All trash will be held on site between removal dates in a secured and screened trash collection area, which will be monitored daily to ensure that it is kept clean.

Maintenance will include, but will not be limited to, all residential units, facility common areas, storage rooms, driveways, sidewalks, street curbs, utility systems, exterior appurtenances, including but not limited to sprinkler systems (if present). All facility interiors, exteriors, and surrounding grounds will be maintained in accordance with manufacturer's recommendations, current national codes, applicable federal, state, and local rules and regulations, and applicable building and safety codes unless otherwise specified.

a) Exterior Work:

- Recurring inspections – The project will be reviewed weekly by on-site personnel to identify obvious or acute maintenance issues. Semiannual unit inspections will be done by property management staff. Maintenance staff will inspect every unit during routine work order repairs and during planned servicing of equipment.
- Repair/replacement of walls
- Beams
- Soffits
- Fascia joints
- Trim
- Hose bibs
- Electrical systems from the electric box into the building
- Roofing and accessories
- Flashing
- Gutters
- Downspouts
- Shrubs, trees, and hedge trimming
- Debris
- Repair of porches
- Lawn mowing
- Retention Area Maintenance
- Mechanical and electrical fixtures and devices
- Fences

- Exterior painting

**b) Interior Work**

- Recurring equipment inspections—Units will be inspected by maintenance staff at every response to a work order. Filters will be inspected and replaced quarterly, if needed, at which time an overall unit inspection will be done. Smoke detectors will be inspected quarterly. All equipment and appliances will be inspected annually and replaced or repaired as needed.
- Fixtures
- Plumbing systems
- Ventilating systems
- Pumps
- Door bells
- Appliances: dishwashers, refrigerators, stoves, disposals
- Tub units
- Shower units
- Vanities
- Smoke detectors
- Ceilings
- Cleaning
- Repair/replacement of countertops/sinks
- Flooring
- Baseboards
- Traverse rods
- Window shades/mini blinds
- Bathroom accessories
- Window and hardware
- Walls
- Carpet and wood valance cleaning

**Master Association and Common Area Maintenance Fees**

The Lessee will begin contributing to the cost of operating and maintaining infrastructure, public areas, parks, and amenity spaces (i.e., common areas) within VA's West Los Angeles North Campus housing community, once a critical mass of housing under VA's EUL Program – at least 500 units – has become operational. A "Master Association" or similar will be formed (by an entity other than the Lessee) to ensure high quality asset management and operations for the North Campus housing community. The Lessee will contribute (to the "Master Association" or similar) the lesser of \$750 per unit per year or the actual per unit common area maintenance costs at the time contributions begin, to be escalated at 2% each year on January 1st, for purposes of operating and maintaining the above noted common areas.

**Green Management**

Management has designed procedures and strategies of property management that promote energy efficiency in building systems and create cleaner, healthier environments within the housing. For the project, they will concentrate on four components: Energy Usage and Efficiency, Green Materials and Practices, Bringing Green into our Daily Habits, and Promoting Awareness.

- a) Energy Usage and Efficiency: The best tool to maintain energy efficient buildings comes from knowing the buildings, especially knowing the systems, how they function, and their



maintenance requirements. Methods for managing the energy usage and efficiency of the project will concentrate on:

- month-to-month comparison of utility bills;
- proper annual maintenance on building equipment;
- lighting system maintenance and operations; and
- HVAC maintenance and operations.

b) **Green Materials and Practices:** Property management will employ operating practices and techniques that minimize negative impacts on the environment and natural systems. Particular attention will be paid to using environmentally-friendly cleaning and replacement materials and to landscaping practices that minimize watering and maintenance. No harmful chemicals in the landscaping. The grounds will be regularly inspected and kept free of trash, and parking areas will be cleaned regularly to remove dirt, oil and chemicals.

c) **Bringing Green into Daily Habits:** Management and maintenance staff will work to develop “green” habits, to think green and to stay aware of their working environment on a daily basis. The theme will be: Reduce, Reuse and Recycle. Some of the practices will include:

1. Vacant Units:

- Ensure electric/gas set at minimum
- Close blinds to keep heat in or out
- Repair leaks or broken components immediately

2. Frequently Check Common Areas:

- Ensure lights are turned off
- Maintain heating/cooling system on daytime/nighttime schedules
- Ensure timers are coordinated with seasonal lighting/heating needs
- Ensure exterior doors shut tightly, and have proper sweeps to keep air from leaking in or out.

3. Maintain a “Green” office:

- Go paperless when possible
- Buy recycled paper and office supplies
- Use eco-friendly cleaning products in the office and building

c) **Promoting Awareness:** Management will work with the service provider to promote green building and green living throughout by:

- Setting up resident programs for carpooling, biking, recycling, and the exchange of household goods;
- Providing information for environmentally-friendly household products and how to conserve energy daily;
- Placing recycle bins near mailboxes;

- Offering pamphlets and/or seminars on consumer responsibility, definitions and significance of pre-consumer and post-consumer, community garden programs, using reusable or cloth bags for groceries, etc.; and
- Distributing a newsletter that provides residents with information on how to become eco-friendly, where to buy products, new technology being developed, and how to improve the quality of their living environment as well as maintaining a healthy body and mind.

### **Change of Occupancy Maintenance**

A comprehensive change of occupancy program will be provided that will ensure quality units are available to meet the needs of the incoming residents in a timely manner. Change of occupancy will include the repair of any damages or worn components to ensure all components are in good working order, are aesthetically pleasing, and clean.

### **Property and Asset Protection and Security**

The management team is dedicated to creating and maintaining collaborative relationships to manage the project. The primary relationship in this regard will be with the VAMC. All Lessee, Management and Service employees will be required to display proper identification at all times that they are on the VAMC campus.

Property management will work closely with residents, the Residents' Council (to be established and overseen by the services team), the VAMC and the VAMC Emergency Department to establish a public safety partnership. The purpose will be to maintain a safe environment for the residents and the surrounding community.

Property Management will work to promote resident and community involvement while meeting its own obligation to thoroughly screen applicants, enforce leases, maintain security systems, and be responsive to resident and community concerns.

Several approaches to enhance oversight will be used. They include:

- Initial screening and tenant selection process: Property management staff will thoroughly screen applicants, including running a criminal background check. Tenants with a history of violent crime may not be accepted for tenancy, depending on the specific history of the individual; however, if denied based on their history, they will have access to an appeal process if they feel there are extenuating circumstances that should be considered.
- Enforcement of leases: Property management staff will enforce provisions of the lease that involve security and maintaining a safe living environment for all tenants.
- Fire and police protection: All buildings will be fully sprinkler equipped. Tenants will be instructed to contact the apartment manager and/or another designated representative (as identified in the future leasing agreement) when police or rescue response is necessary. All units will have clearly outlined emergency evacuation procedures and emergency phone numbers posted. Typical emergency responders listed will include local law enforcement and LAFD for most common emergencies.
- Lighting: Site lighting will be enhanced beyond the minimum required to provide a higher level of security around the building units.

- Parking: Parking spaces will be assigned by unit/use so that visitors will be more easily identified. Parking availability and improvements shall be subject to available funds in the Capital Fund Account and the Capital Improvement Obligation timeline per the EUL.
- Security: The building will include CCTV equipment, access control, and security personnel as needed. The Cameras will be monitored by the Resident Manager, Maintenance team and the security guards. The Property Management team and construction project manager will meet to determine all camera locations. We will work with the selected camera vendor to ensure that maximum time/day footage are obtained. The budget will include funds for security guards.

The Management of the Project will be carried out under the direct supervision of the Lessee subject to all applicable laws and regulations of the state and federal government. Additional requirements may be imposed by funding agencies, and property management will ensure compliance with these regulations. The overall duties of property management will be incorporated into a Management Agreement and Management Plan. Management duties undertaken by Property Management will include:

- a) Implement and oversee the resident selection process.
- b) Conduct physical inspections of the Project and review management practices on an ongoing basis. Property management may conduct more frequent inspections, examinations and reviews at its sole discretion but no less frequently than semiannually. Comprehensive Capital Needs Assessments are conducted by a third-party engineering firm, every seven years.
- c) Monitor the financial condition of the Project on a monthly basis. In conjunction with the Lessee, property management will create and maintain the annual operating budgets, seek approval from funders as needed, and oversee expenditures from that budget. The operations budget is directly monitored by the Lessee. Annual financial audits are conducted by a third-party accounting firm.
- d) Develop, implement, monitor, and review a marketing strategy and plan for the Project.
- e) Design and monitor the leasing activities of the Project.
- f) Rent Collection and Lease Enforcement. Property management shall institute any and all legal actions necessary for the collection of rents and other income and for the eviction of residents or unauthorized persons from the Project. Property management will work closely with supportive services personnel, however, to provide reasonable accommodation to Veterans wherever possible.
- g) Maintain and repair the Project and provide for utilities and services as appropriate.
- h) Work in collaboration with on-site supportive services.
- i) Facilitate monthly community meetings, support the creation of Resident Councils, resident groups and resident driven activities on site.

### **Property Management and Supportive Services Staffing Plan**

Management will dedicate significant staff time to the initial marketing and lease-up effort to ensure that all units are filled quickly, efficiently, and in a manner that ensures a smooth start-up of operations.



The ongoing onsite property management staff will be funded by the project and consist of the following (for specific job duties, please see job descriptions in Attachments A, B, and C of this document):

- 1 Full time Resident Manager (will live onsite and goal is to hire this person at least two months prior to tenant move-ins)
- 1 Maintenance Technician (goal is to hire this person at least three weeks prior to tenant-move-ins)
- 1 Full time Life Skills/Activities Staff

**a) Property Management Service Contracts**

Contracts with third party professionals will be executed for services such as landscape maintenance, graffiti abatement, pest control services, trash removal and other services as necessary and appropriate to meet facility needs. Contracts will be awarded based upon the results of competitive bidding and contractors will be required to provide references and proof of adequate workers compensation insurance.

- b) **VASH Case Managers** will serve veterans that are receiving assistance through the Project based VASH Vouchers. Case Managers will be from either VA or a third-party provider competitively selected by VA.

**Veteran Supportive Services Plan**

The Lessee will work to support all Veterans residing at the project, and work with the VA Case Managers for Veterans receiving the VASH Project Based Vouchers. This support will be provided by an on-site supportive services staff who will provide services and assistance in the following life skills domains: money management, independent living skills, cooking, hygiene, housekeeping, socialization activities, transportation and other needs as they relate to improving each Veteran's ability to live independently. Additionally, the life skills/activities staff will provide socialization opportunities through on and off-site activities coordination and groups designed to promote community within the project. This life skills/activities staff will facilitate group sessions, group activities, outdoor activities, and other comprehensive socialization experiences/opportunities designed to address concerns and promote housing retention. Where a Veteran's need is beyond the scope of the life skills/activities staff, referrals and linkage will be made to community-based services that can fulfill each Veteran's need such as: legal assistance, educational opportunities and medical and mental health services.

Veterans in need of treatment for serious behavioral health and or physical health issues will be encouraged to participate in the VAMC or community treatment programs. Regarding those with substance abuse history, the on-site life skills/activities staff will provide support utilizing the harm reduction model. Veterans will be encouraged to be engaged in outpatient treatment, in addition to participation in self-help recovery groups including AA/NA. All these services will be coordinated with the HUD VASH provider attached to the tenant.

When both the on-site life skills/activities services and VASH services are utilized, it is strongly encouraged that the Veteran sign the information release forms to allow the Case Manager and the life skills/activities staff to communicate directly regarding their recovery plan and other matters as necessary and appropriate to best support the Veteran.

The Lessee's on-site life skills/activities staff is responsible for providing support to residents in need of reasonable accommodation requests. It is also responsible for conducting dispute resolution interviews and working to promote resident retention. The Lessee will identify programs

available in the community and at the VA to assist residents in getting services in health and wellbeing programs, and to the extent applicable, career or personal development.

The Lessee's on-site life skills/activities staff will coordinate each Veteran's treatment plan with VASH Case Managers and the VAMC based on individualized needs. The Lessee's life-skills staff recognizes that a collaborative approach best serves the residents. If necessary, regular and ongoing meetings can be set up with the case managers, VAMC Staff and onsite life skills/activities staff to support veterans living at the facility. Regular hours for when staff will be onsite and available to Veterans will be posted in the building.

The services under this Veteran Supportive Service Plan are outlined below in table 11-1. The Lessee's on-site life skills/activities staff shall be responsible for "other services provided" as listed in table 11-1. "VA Supported Services" will be the responsibility of the HUD VASH case manager. Where services are indicated as being provided by both, coordination of interventions will be managed through the life skills/activities and VA case management staff to ensure the required outcome and no duplication of services.

Table 11-1

SERVICES	VA Supported Services	Other Services Provided
Life skills training	X	X
Dispute resolution interviews	X	X
Resident retention		X
Tenant Selection Plan review for compliance		X
Health skills training	X	
Money management skills training	X	X
Independent living skills training – cooking, shopping, cleaning.		X
Job training assistance	X	
Socialization and group interaction services		X
Coordination of transportation to off-site services		X
Linkage to offsite social services		X
Mental Health support services	X	
Physical Health care services	X	

These services will be provided both on site and off site to tenants.

### Illegal Substances and Alcohol Policy

The Lessee acknowledges that use of illegal substances on the property, whether in a public area or in private unit space, is prohibited by law and will make every effort to address transgressions of this policy. At the same time, Lessee acknowledges that the units are directed towards a chronically homeless veteran population and that this population is known to use and abuse illegal substances and alcohol. Lessee, through the contracted service provider (currently Step Up on Second Street, Inc.) shall strive to adopt a "harm reduction" model in dealing with veteran tenants.

Harm reduction is a set of practical strategies and ideas aimed at reducing the negative consequences associated with drug use. Lessee and its subcontracted service provider will make best efforts to work with tenants to reduce their long-term usage of such substances and provide linkage to substance abuse treatment services.

## **Emergency Response Plan**

In order to provide a safe living environment for the Residents, the following is intended to give clear guidance (for Facility employees) about how to manage emergencies.

### **Category of Emergencies**

An Emergency is defined as any event that may cause imminent harm to property or life. Emergencies are grouped into major categories based on causation:

1. Emergencies caused by Person(s)
  - A. Injuries.
  - B. Threat of Injury to Person (self or others)
    - i. Subcategory – mental health issue
  - C. Threat of Damage to Property; Damage to Property
2. Emergencies caused by Nature
  - A. Weather, Earthquake, Flood
  - B. Fire
  - C. Animal
3. Neither above

## **WHAT TO DO**

### **THREAT FROM PERSON(S) TO PROPERTY OR PERSON**

1. If a life-threatening injury has occurred call 911.
2. If there is an immediate threat of injury, call local law enforcement.
  - a. When you call local law enforcement (Answer the common questions):
    - i. Whether you are in danger?
    - ii. Whether the person is stable (see Part II regarding determining whether the injury is life threatening)
    - iii. Weapons?
    - iv. Address / room number
    - v. What does he/she look like? Weight? Age?
    - vi. Known Medications (if you don't know, try to get this info ready upon arrival)
    - vii. Ask approximate time of arrival
    - viii. Notify VA police that an emergency team is coming
    - ix. Make sure you can be contacted via phone
    - x. Have someone wait for the emergency responders outside
  - b. If a known mental health issue is involved, follow above and refer to mental health additional procedures.
3. If no life-threatening injury or no immediate threat of injury. Call local law enforcement.
  - a. If no communication service exists or is inoperable, send someone to the VA Police (location below).

Note that the VA Police have the discretion to call 911 in non-life-threatening situations. If for some reason, there is no response by the VA Police, then property manager should call 911.

#### **EMERGENCY CONTACTS:**

- Local law enforcement 911
- VA Police (310) 268-4524
- Location: WLA Campus. Building 236

#### **THREATS FROM NATURE**

##### **NATURAL DISASTER or FIRE:**

1. Determine if any life-threatening emergencies exist. If so, call 911
  - a. If there is no communication service. Contact VA Police at their location WLA Campus Building 236).
2. If there is a Fire, call 911
  - a. Evacuate all residents to the location
3. If there is an Earthquake, evacuate the building – follow fire drill procedures.
4. If there is a flood, evacuate the building – follow fire drill procedures.

##### **ANIMAL:**

1. Determine if any life-threatening emergencies exist (delirium, unconscious, snake bit of any kind, some spider or bug bites if reactions are serious). If so call 911

#### **EMERGENCY CONTACTS:**

1. Local Police 911
2. Medical: 911
3. Fire Department (310) 575-8537

#### **Signs of life-threatening injuries include any of the following:**

- Unconscious;
- Trauma of any kind to the head;
- Difficulty breathing;
- If animal bite from snake;
- If animal bite causing a serious skin reaction, numbness or breathing issues;

Ask if there are any allergies. This information may be useful for emergency responders later.

## **Psychiatric Emergency Response**

In the event of a psychiatric emergency, a Comprehensive Suicide Risk Evaluation should be performed by case management staff. If the Veteran is determined to be high-risk for suicide, homicide or unsafe behavior, call 911. If no case management staff are present, call 911 immediately.

In the event of a medical emergency, call 911

- Check the patient's airway, breathing, and pulse. If necessary, begin CPR. If the patient is unconscious but breathing, carefully place him or her in the recovery position. If the patient is conscious, loosen the clothing, keep the person warm, and provide reassurance. Try to keep the patient calm. If an overdose is suspected, try to prevent the patient from taking more drugs. Call for immediate medical assistance.
- Treat the patient for signs of shock, if necessary. Signs include: weakness, bluish lips and fingernails, clammy skin, paleness, and decreasing alertness.
- If the patient is having seizures, give convulsion first aid.
- Keep monitoring the patient's vital signs (pulse, rate of breathing, blood pressure) until emergency medical help arrives.
- If possible, try to determine which drug(s) were taken and when. Save any available pill bottles or other drug containers. Provide this information to emergency medical personnel.

ALWAYS TAKE PRECAUTIONS (use gloves & CPR mouth guards)

## **Substance Abuse**

When a substance abuse may be involved:

1. Ask and observe the signs for alcohol poisoning and/or drug overdose.
2. If alcohol or drug use is known to be involved, report this to the VA Police. Identify the symptoms ONLY to the VA Police. Generally, do not speculate on their use, but you may state that drug use may be involved based on observed symptoms. The patient's welfare is a priority, so such a statement is necessary to properly treat the patient.
  - a. An example of what you may state: "I'm with a tenant of 11301 Wilshire, building 205 and we believe they had a seizure. Drug use may be involved based on my observation of symptoms. They are currently stable, but are still having heart palpitations and are very confused. We are requesting paramedic services."
3. The operator will ask:
  - a. Are you in danger?
  - b. What does he/she look like? Age? Weight?
  - c. Address/room number/contact number?
  - d. Medication prescribed (if you don't know, just get that ready for when the team arrives).



- Check the patient's airway, breathing, and pulse. If necessary, begin CPR. If the patient is unconscious but breathing, carefully place him or her in the recovery position. If the patient is conscious, loosen the clothing, keep the person warm, and provide reassurance. Try to keep the patient calm. If an overdose is suspected, try to prevent the patient from taking more drugs. Call for immediate medical assistance.
- Treat the patient for signs of shock, if necessary. Signs include: weakness, bluish lips and fingernails, clammy skin, paleness, and decreasing alertness.
- If the patient is having seizures, give convulsion first aid.
- Keep monitoring the patient's vital signs (pulse, rate of breathing, blood pressure) until emergency medical help arrives.
- If possible, try to determine which drug(s) were taken and when. Save any available pill bottles or other drug containers. Provide this information to emergency medical personnel.

## **FOLLOW UP CARE**

1. Contact the tenant at the hospital either by phone or in person. Get release of information to talk to hospital staff about treatment/discharge.
2. Talk with Hospital SW or Doctor and discuss discharge plan. What changes will be made to their medication? How long will they be held? What recommendations are they making?
3. If the tenant does not have a mental health provider, request that the hospital provider a referral at release to an appropriate community mental health provider.
4. Make sure the doctor releases the tenant with a 30 days' worth of medication or a prescription.

### **On-going care:**

The population we work with is often highly familiar with utilizing and relying on emergency services. Our goal is to assist them in setting up a medical home for them that limits their use of emergency services. We encourage establishing a primary care provider, frequent check-ups, proper use of medicine, good nutrition and exercise. Within the first week intake you will establish if the tenant has strong connections and will work to either establish those or strengthen those where necessary.

## **FIRE AND SAFETY PROCEDURES**

Periodically, property management should do a fire drill. Notification of any drills needs to be made to the VA Police prior to the drill (at least 5 days' notice). The residents should evacuate to a designated area, where head counts can occur. Prior to any fire drill, floor leaders should be assigned. Special instructions should be given to them as to clear the floor, and direct people to the designated meeting area. Bullhorns are recommended to be assigned to each.

Fire drill. Shall occur 2 times per year. Floor leaders shall be involved, and trained. The goal is to evacuate the building within 5 minutes, and obtain a head count. The meeting place shall be

a location that is safe in event of flood or earthquake (open field, high ground, at least 50 feet from building).

Floor leaders: Floor leaders will be assigned and trained. The training shall include specific instructions on where the meeting places are, their responsibilities to clear floors, but to maintain personal safety. They are not authorized to enter resident rooms, but shall take note of rooms with no response. Clip boards and bullhorns shall be assigned for them to keep. They shall be involved in each fire drill.

## **Attachment A: Resident Manager Job Description**

**Program/Department:** Community Development

**Reports To:** Asset Manager, Property Supervisor, Property Coordinator

**Job Class:** Exempt

**SUMMARY:** The Resident Manager lives on site and is responsible for overseeing and maintaining the entire building including the residential units, common areas, and leased spaces. The Resident Manager must respond to the building emergencies.

**DUTIES:** Primary duties include, but are not limited to, the following:

- Oversee the duties of vendors, as well as any maintenance or security personnel.
- Rent units, accept applications, interview prospective tenants and check applicant references, prepare housing units for new tenants.
- Verify applicant/tenant income and ensure applicants/tenants meet all building and regulatory requirements.
- Complete Tenant Income Certifications (TICs).
- Assist with annual recertification process.
- Instruct new and existing tenants on house rules, maintenance of their apartments and proper use of the community room, laundry area, etc.
- Create and serve warnings and notices for tenant violations.
- Set regularly scheduled hours of availability to tenants, vendors, staff and outside service agencies.
- Collect rents monthly and log them in to property management software
- Perform regular inspections for cleanliness, identify needed repairs and handle minor maintenance and common area cleaning.
- Attend regular tenant meetings, interface with case managers; family members of tenants and Step Up program staff.
- Meet regularly with the Property Management Coordinator to ensure tenant legal issues are handled appropriately.
- Maintain records and reports as required.
- Communicate actively with the Property Management Coordinator and other service coordinators on quality of life issues relating to tenants.
- Ensure the safety and security of the building, including frequent viewing of the electronic monitoring system and investigation of any suspicious events or individuals.
- Responsible for all building keys, distribution and reclamation (doors and elevator).

- Coordinate site inspections of property quarterly with the Property Management Coordinator and report any exterior/interior conditions requiring maintenance or redecoration requirements as needed.
- Perform light maintenance tasks. Coordinate obtaining estimates, and review and approve work of outside contractors.
- Must be on-call in the event of a building and/or tenant emergency.
- Weekly status report to the Property Management Coordinator.
- Weekly vacancy report to the Property Management Coordinator that will provide an update of the status of vacant units.
- Weekly preventative maintenance checklist to the Property Management Coordinator providing an update of the status of common area life and safety items.
- Other duties as assigned.

**QUALIFICATIONS:** Previous case management experience and/or apartment management experience necessary. Position requires good communication and intervention skills, ability to problem solve and perform minor maintenance. Must have legible handwriting, accurate and timely record-keeping and computer skills. Previous experience with individuals experiencing mental health issues and homelessness a plus. California driver's license and insurance required.

**PHYSICAL REQUIREMENTS:** While performing the duties of this job, the employee is regularly required to sit; use hands and fingers; handle or feel; reach with hands and arms; talk; and hear. The employee is frequently required to walk, balance, stoop, kneel, and/or crouch. (The employee must occasionally lift and/or move up to 25 pounds). Specific vision abilities required by this job include close vision, distance vision, peripheral vision, depth perception, and ability to adjust focus. Keyboard data entry required.



## **Attachment B: Maintenance Technician**

Program/Department: Community Development

Reports To: Resident Manager, Property Supervisor, Property Coordinator

Job Class: Exempt

### **Job Summary:**

Since all service requests must be submitted to the rental office, and the office coordinates re-rental of vacant units and other maintenance needs, the Maintenance Person is responsible for coordinating maintenance work schedules.

ESSENTIAL DUTIES AND RESPONSIBILITIES include the following:

- Walk the grounds twice a day, once early in the morning and again in the late afternoon. This will allow an opportunity to note the condition of the development.
- SERVICE REQUEST:
  - Completion of service requests.

These requests should be completed within a 24-hour period (or less for emergency repairs) unless there are extenuating circumstances (i. e. parts on order; request not management responsibility; etc.).

- INTERIOR PAINTING:
- MAINTENANCE REPAIR TO BUILDING:
- EXTERIOR CLEANING:
  - Trash bin areas.
  - Stairwell areas.
  - Grounds
  - Parking lot (where necessary).

### **WATER & GAS METER SHUT-OFF:**

- a. Have knowledge regarding how to shut-off in all apartments and sewer clean out.

### **MOVE-IN & MOVE-OUT PROCEDURES:**

- a. Assist in move-in and move-out inspections.

### **INVENTORY CONTROL:**

Each maintenance person is responsible to maintain a written inventory of all supplies and maintenance equipment. This is to be updated on a weekly basis.

### **SUBMIT DAILY MAINTENANCE LOG:**

It is each maintenance person's responsibility to submit daily maintenance logs to the manager every Friday.

These logs will then be sent to the Central Office.

### **UP KEEP OF EXTERIOR:**

- a. Replace glass
- b. Replace lights
- c. Replace screens
- d. Stucco repairs

### **DIRECTLY RESPONSIBLE TO RESIDENT MANAGER.**

### **PREPARE VACATED UNITS FOR RE-RENTAL:**

- a. Paint
- b. Clean (appliances, carpet, floors, bathroom).
- c. Maintenance repair.

LAUNDRY ROOMS:

It is the responsibility of the maintenance person to see that the laundry room is cleaned daily. This includes, but is not limited to, trash removal, washing the machines, sweeping the floors, washing the windows.

OTHER DUTIES MAY BE ASSIGNED.

We attempt to cover all your duties, however, it must be understood that various duties may be assigned that are not mentioned in this job description.

## Attachment C: Life Skills/Activities Staff Job Description



### Life Skills/Activities Coordinator I

Program/Department: Life Skills Coordinator I  
Reports To: PROGRAM MANAGER  
Job Class: Non-Exempt  
Hours Per Week: 40

#### **Summary:**

The Life Skills/Activities Coordinator will work on-site at permanent supportive housing projects and provide supportive services toward the goal of improving independent living skills and housing retention. This position will provide outreach and engagement, referral and linkage, supportive services and housing retention services to tenants housed in Step Up Permanent Supportive Housing Properties for Veterans. Step Up on Second fully implements the Housing First and Harm Reduction models of service delivery.

#### **Essential Duties:**

##### **Individual Services:**

- Coordinate lease up activities with Resident Manager and HUD VASH case manager. Meet with applicants together and provide orientation that includes explanations of different roles and how to access services.
- Perform an intake on all tenants the first week of move-in.
- Develop an initial individualized service plan for each tenant which guides the services delivered and will be reviewed and updated every 6 months or sooner if a significant event occurs.
- Meet face-to-face with each tenant a minimum of once per week. More frequently if needed.
- Meet with tenants in their units a minimum of once per month, more frequently if needed.
- Responsible for tracking, charting and documentation for all services, file maintenance, daily logging. Process paperwork in a timely and accurate manner, as outlined in workflows.
- Provide independent living skills training that includes a focus on life skills/activities such as: money management, housekeeping, shopping, cooking, etc.
  - Take a “hands-on” approach to modeling and supporting tenants’ growth in transitioning from being homeless to being housed. Address emotional issues as they relate to this transition and assist tenants in coping with these emotions.
- Regularly assess and document changes in tenant income, housing needs, mental health needs, physical health needs and vocational needs.

- Actively participate with tenants to engage a Good Neighbor Policy of living responsibly both with tenants of the property and neighboring tenants/business owners in the community.
- Complete “Housing Status Change” form for all tenants moving into and out of units.
- Escort/accompany/transport tenants to appointments
- Participate/facilitate a safe return to the milieu upon discharge from acute care facilities

#### Group Activities:

- Responsible for providing tenant-driven, on-site supportive services including: engagement, group scheduling, outings and activities, dispute mediation, ADLs, community integration services, resources and referral, and monitoring the milieu and tenant safety.
- Maintain an active calendar of supportive services including at least one supportive group per day.
- Organize group outings and recreational events that offer the opportunities to model appropriate behavior in the community and connect tenants to community resources.
- Organize group outings that demonstrate use of public transportation and access to affordable and free activities in the community and throughout the City.
- Participate in and ensure the Tenant Advisory Committee is actively meeting and engaging the needs of all tenants.

#### Service Coordination:

- Coordinate care and interventions with the tenant's HUD VASH case manager and Property Management's Resident Manager utilizing the Step Up philosophy and standards for services.
- Monitor for warning signs of de-compensation and crisis, and respond accordingly.
- Liaise with HUD VASH Mental Health providers to address tenant issues and formulate intervention strategies that focus on housing retention.
- Attend regular team meetings and service coordination meetings
- Attend supervision and training as required.
- Provide transportation as needed to critical appointments with other providers

#### Data management

- Document all services provided.
- Participate in the lease-up process.
- Responsible for managing tenant information on the following documents: Tenant Roster and Contact form and Entry-Exit Form. Updates required as changes occur. Review for accuracy monthly.
- Other duties as assigned

#### Skills/Abilities:

Experience working with homeless and chronically mentally-ill population, crisis intervention, understanding and commitment to Psychosocial/Recovery-Oriented philosophy, Strong computer skills, ability to work effectively in an interdisciplinary team. Familiarity with and dedication to the Housing First and Harm Reduction models required.

**Qualifications:**

A minimum of 2 years' experience working with the mentally ill population in a community or housed setting necessary. Ability to work as a part of a team is crucial. Knowledge of Microsoft Office is essential. Must have own transportation and current California driver's license and insurance with good driving record.

**Physical Requirements:**

While performing the duties of this job, the employee is regularly required to sit; use hands and fingers; handle or feel; reach with hands and arms; talk; and hear. The employee is frequently required to walk, balance, stoop, kneel, and/or crouch. The employee must occasionally lift and/or move up to 15 pounds. Specific vision abilities required by this job include close vision, distance vision, peripheral vision, depth perception, and ability to adjust focus. Keyboard data entry required.

Work with the homeless and formerly homeless population whether on the streets, in shelters or other places of habitation or services, may present inherent challenges and difficulties such as: exposure to bed bugs or other infestations, unpleasant smells or odors, unclean individuals or homes due to homelessness or mental health symptoms or poverty. While Step Up as an agency strives to protect all employees from adverse events, Step Up is not responsible for rectifying the outcome of such exposures and considers this the nature of the field based environment and workplace.

**Employee Name:** \_\_\_\_\_

**Employee Signature:** \_\_\_\_\_ **Date:**

\_\_\_\_\_

**\_\_\_\_\_ I can perform the essential functions of this job as described with or without a reasonable accommodation.**

**Step Up on Second Street, Inc. 9.2014** Step Up is an Equal Opportunity Employer EOE.

**Our Mission:** Step Up delivers compassionate support to people experiencing serious mental illness to help them recover, stabilize, and integrate into the community. Through dynamic partnerships, we provide positive social and learning environments, vocational training, permanent supportive housing opportunities, and recovery services to empower individuals to cultivate lives of hope and dignity. We exercise innovative leadership and advocacy to increase public understanding, support and acceptance of all people living with mental illness

**EXHIBIT “F”**

**TENANT SELECTION PLAN**

# Tenant Selection Plan

Building 205 – West Los Angeles, CA



# West LA Campus – Building 205

## Exhibit F: Tenant Selection Plan

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## **1. PROJECT DESCRIPTION**

Building 205 is located on the Greater Los Angeles Healthcare System (GLAHS) Campus, located at 11301 Wilshire Boulevard, Los Angeles, California. The building has approximately 68 housing units, comprising of 32 studios, 36 one-bedroom units, and 1 one-bedroom unit for the onsite resident manager. Each unit is self-contained with a small kitchen, dining area, full bathroom and sleeping area. The Housing Authority City of Los Angeles (HACLA) has allocated 67 Project Based HUD VASH to Building 205.

## **2. FAIR HOUSING AND EQUAL OPPORTUNITY REQUIREMENTS STATEMENTS OF NONDISCRIMINATION**

It is the policy of this Project to comply fully with Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973, Fair Housing Amendments Act of 1988, Equal Access to Housing in HUD Programs - Regardless of Sexual Orientation or Gender Identity Final Rule and any legislation protecting the individual rights of residents, applicants, or staff which may subsequently be enacted.

We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, sexual orientation, national origin, ancestry, age, disability, or familial status of applicants and residents.

The Project shall not discriminate because of race, color, religion, sex, sexual orientation, national origin, ancestry, age, disability, or familial status in the leasing, rental, or other disposition of housing applicants and residents in any of the following:

- A. deny to any household the opportunity to apply for housing, or deny to any eligible applicant the opportunity to lease housing suitable to their needs,
- B. provide housing which is different than that provided to others,
- C. subject a person to segregation or disparate treatment,
- D. restrict a person's access to any benefit enjoyed by others in connection with the housing program,
- E. treat a person differently in determining eligibility or other requirements for admission,
- F. deny a person access to the same level of services, or
- G. deny a person the opportunity to participate in a planning or advisory group, which is an integral part of the housing program.

The Project will seek to identify and eliminate situations or procedures, which create a barrier to equal housing opportunity for all. In accordance with Section 504, the Project will make reasonable accommodations and structural modifications for individuals with disabilities (applicants or residents). Such accommodations may include changes in the method of administering policies, procedures, services and making structural modifications when necessary.

## **3. PRIVACY POLICY**

It is the policy of the Project to guard the privacy of individuals conferred by the Federal Privacy Act of 1974, the Health Insurance Portability & Accountability Act of 1996 (HIPAA), and the Violence Against Women and Justice Department Reauthorization Act of 2005 (VAWA) to ensure the protection of such individuals' records maintained by the Project.

Therefore, neither the Project nor its agents shall disclose any personal information contained in its records to any person or agency unless the individual about whom information is requested shall give written consent to such disclosure or information is being subpoenaed by a court of law.

This Privacy Policy in no way limits the Project's ability to collect such information as it may need to determine eligibility, compute rent, or determine an applicant's suitability for tenancy. Consistent with the intent of Section 504 of the Rehabilitation Act of 1973, any information obtained on disability will be treated in a confidential manner. All tenant files that belong to building management will be stored in a lockable file cabinet. The file cabinet is stored in the building manager's office.

#### **4. QUALIFYING FOR ADMISSION – ELIGIBILITY REQUIREMENTS**

Based on Federal Regulations, the Project may not admit ineligible applicants. In the selection of applicants for admission, Eligibility Criteria has been established in accordance with Section 42 and 24 CFR 983 guidelines. All information reported by the household is subject to verification. All applicants will be screened carefully and the following eligibility standards will be applied:

In order to be ELIGIBLE, a household must meet these tests:

- A. The family's annual income must not exceed program income limits published annually based on household size;
- B. All applicants must disclose valid social security numbers with verification for all household members to receive assistance. Assistance will not be provided until all household members have disclosed valid SSNs with verification unless the SSN is not required. This includes live-in aides, adult and foster children.
  - i. SSN does not need to be disclosed or verified to be placed on the waiting list, BUT SSN must be disclosed and verification provided for all non-exempt household members before they can move-in.
  - ii. If all nonexempt applicant household members have not disclosed and verified SSN then move to the next applicant household on waiting list.
  - iii. Once the unit is offered the applicant has 7 days to supply all SSN documentation and verification. Applicant households may remain on the waiting list until all household members disclose and verify their SS numbers, but no longer than 90 days.
  - iv. After 90 days, if the applicant is unable to disclose and/or verify the SSNs of all non-exempt household members, the application will be determined ineligible and removed from the waiting list.
  - v. If the applicant is unable to provide all Social Security Numbers within the 90 days, then the application will be rejected for failure to provide Social Security numbers for all nonexempt household members.
  - vi. Once an application is denied, a new application must be submitted and added to the waiting list based on the date and time it is received.
- C. The unit for which the household is applying must be the household's only residence;
- D. An applicant must agree to pay the rent required by the program under which the applicant will receive assistance;
- E. Occupancy Standards: The household size must be appropriate for the available apartments.

Applicants must meet the established occupancy standards. As a general policy, there should be a minimum of one person per bedroom and no more than two persons per bedroom. Management shall take into consideration mitigating circumstances in cases where applicants or residents have a verifiable need for a larger unit.

Children who are away at school who have established residency at another address or location as evidenced by a lease agreement are not counted in occupancy.

Any household placed in a unit size different than that defined in these occupancy standards shall agree to transfer to an appropriate size unit when one becomes available at their own expense (in accordance with the Transfer Policy Paragraph 18).

Dwelling units will be assigned in accordance with the following standards:

<u>Bedroom Size</u>	<u>Persons per Household</u>	
	<u>Minimum</u>	<u>Maximum</u>
0	1	1
1	1	2

**NOTE:** The tenant is expected to pay a security deposit from his/her own resources, and/or other public or private sources at the time of the initial lease execution. The amount of the security deposit to be collected is dependent on applicable state and local laws governing the security deposit. The security deposit is refundable.

**NOTE:** Being eligible, however, is not an entitlement to housing. In addition, every applicant must meet the Tenant Selection Plan. The Tenant Selection Plan will be used to demonstrate the applicant's suitability as a resident using verified information on past behavior, to document the applicant's ability, either alone or with assistance, and to comply with essential lease provisions and any other rules and regulations governing residency.

**NOTE:** Throughout the duration of the EUL, the Lessee will be required to market the project to eligible Veterans, at-risk Veterans and their families. The Lessee's marketing strategy must include on-going collaboration and coordination with the local VA homeless housing coordinator and local supportive services providers, to maximize Veterans' access. The Lessee will be required to provide VA with an annual marketing outreach plan and a monthly written status update on outreach activities.

## 5. APPLICATION INTAKE AND PROCESSING

It is the Project's policy to accept and process all applications in accordance with the Section 42, 24 CFR 983 and state regulations.

All written communications with applicants will be by either electronic (via email) or first-class mail through their HUD VASH referring case manager and management. Failure to respond to the application notices may result in withdrawal of an application from further processing. Management may make exceptions to the procedures described herein to consider circumstances beyond the applicant's control (for example, medical emergencies, no current mailing address or reasonable accommodation for a disability).

**NOTE:** An applicant may request to have a representative appointed to receive communication regarding their application.

Every application must be completed and signed by the head of the household, spouse, and every adult household member 18 years and older. All members of the household must be listed on the application.

Assistance from the management might take the form of answering questions about the application, helping applicants who might have literacy, vision, or language challenges, and, in general, make it possible for interested parties to apply for assisted housing. Applicants with disabilities may be provided an alternative method of having their application processed because of their disability.

An application must be completed by every adult applicant who wishes to be considered for a unit. If a unit is not immediately available, a pre-application (brief form of application), which provides the minimum information needed to determine if the applicant is eligible be put on the waiting list, will be used. If the pre-application is used to place an applicant on the waiting list, then a full application must be completed at the time a unit is available. Applicants on the waiting list are not guaranteed an apartment. All applicants must complete a full application then the application must be processed according to the tenant selection plan, which will determine the applicant's eligibility.

## **6. WAITING LIST SELECTION PRIORITIES AND PREFERENCES**

A waiting list is necessary to provide a fair and equitable means of tracking applicants who have applied for an apartment. It helps assure that each applicant is offered an apartment in the proper order, thus preventing claims of discrimination or favoritism, and allows for the most efficient turnover of vacant apartments.

Preferences are established criteria used to determine the order applicants are selected from the waiting list for housing assistance or an assisted housing unit. Preferences may be established by federal law, State or local law, or written owner policy.

**NOTE:** Current residents who meet the qualifications listed in the Transfer Policy (paragraph 19) shall be given priority over applicants. It is likely that there will be more applicants for housing than can be assisted. In order to select those households most in need of housing, those Veterans that are Chronically Homeless will be selected first among all applicants.

**NOTE:** Marketing of these units will be targeted towards potential residents whose household incomes do not exceed 60% of the area median income as established annually (as per HUD-VASH income restrictions).

### **Placing on the Waiting List:**

If a unit is not available, applicants may ask to have their name placed on the Waiting List.

If an eligible Veteran applies for admission, the Veteran will receive priority placement and will move ahead of each of the non-Veterans located on the Waiting list.

If the waiting list is predominantly non-Veterans, then management must perform a minimum of 45-day search for eligible Veterans to expand the waiting list with eligible Veterans who shall receive priority placement ahead of non-Veterans.



As units become available, management will notify HUD VASH onsite services and will agree to accept referrals for eligibility screening for the unit. If the system cannot provide an eligible candidate to fill the vacancy, applications will next be reviewed from the Waiting List. Management will attempt to contact the persons on the list, starting at the top, and working down. Notations will be made regarding attempts to contact persons on the list. The list will be updated once per year.

If staff is unable to contact an applicant by the address and/or telephone number listed on the interest list, the name will be considered invalid and removed from the list; applicants are required to keep contact information current.

**NOTE:** The Lessee will provide VA with a current tenant waiting list not less than every 90 days or within 15 days of VA's written request. The list shall identify the order of the waiting list for each tenant, and whether each tenant is a Veteran. Via written notice from VA to the Lessee, VA shall have the right to have the Lessee immediately bump any Veterans to the front of the Lessee waiting list to receive the next available housing units when they become available.

## **7. HUD-VASH Project Based Voucher (PBV) Admission and Screening Requirements**

The Lessee will implement the Housing First model. Housing First is an approach where homeless persons, usually chronically homeless or especially vulnerable homeless individuals and families, are provided immediate access to housing and then offered the supportive services that may be needed to foster long-term stability and prevent a return of homelessness.

### **The screening process for the HUD-VASH PBV units will require the approval of the Public Housing Authority and the Owner/Agent for the Project.**

#### **A. The Project-funded Life Skills responsibilities include:**

- i. Providing appropriate treatment and supportive services to potential HUD-VASH program Participants, if needed.

#### **B. The VA-funded HUD VASH Clinical Case Manager responsibilities include:**

- i. Providing verification to property management that the homeless Veteran is eligible for and/or enrolled in HUD-VASH services as established by the VA national office
- ii. Identifying the social service and medical needs of HUD-VASH Participants and providing, or ensuring the provision of regular ongoing case management, outpatient health services, hospitalization, and other supportive services as needed throughout this initiative.
- iii. Maintaining records and providing information for evaluation purposes, as required by HUD and VA.
- iv. Referral to the Public Housing Authority for processing of application for assistance under the PBV program.
- v. Assisting each Veteran in their emotional and social adjustment needs when transitioning from homelessness to permanent supportive housing.

#### **B. Public Housing Authority Responsibilities include:**

- i. Receiving and processing applications for assistance under the HUD-VASH PBV program.
- ii. Public Housing Authority will approve referred applicants for assistance in accordance with Regulations for the HUD-VASH PBV program. Public Housing Authority will

- a. determine the eligibility of an applicant household in accordance with HUD-VASH PBV requirements;
- b. determine the appropriate unit size for the applicant household based upon the Public Housing Authority subsidy standards; and
- c. maintain a waiting list of eligible households for the contracted units.

C. Lessee responsibilities include:

Whereas, priority will be for the most vulnerable Chronic Homeless Veteran populations.

Furthermore, preference for recipients of HUD-VASH PBV will be given to chronically homeless Veterans, Homeless Female Veterans, and Homeless Veterans with families.

Therefore, priorities are defined as unsheltered, co-occurring medical or mental health conditions, as well as fleeing domestic violence and the elderly. This will include homeless Veterans residing in emergency shelters or other homeless programs, those who are currently living in a place not meant for human habitation, Veterans who may be inappropriately housed, and combat Veterans. Combat Veterans who served during a time of conflict.

## 8. CHANGES TO WAITING LIST(S)

It is the policy of Management to administer its waiting list as required by Section 42 regulations.

### A. Opening and Closing Waiting Lists

In order to maintain a balanced application pool, Project may, at its discretion, restrict application taking, suspend application taking, and close waiting lists in whole. The Project waiting list will be updated by removing the names of those who are no longer interested in or no longer qualify for housing.

If Project has sufficient applications, it may, subject to Section 42 regulations, elect to close the waiting list if the waiting list contains more applicants than can be housed in a one-year period. When the waiting list is closed, an announcement of the closure will be posted in the Project's rental office and advertised according to the Affirmative Fair Housing Marketing Plan (AFHMP). During the period when the waiting list is closed, Project will not maintain a list of individuals who wish to be notified when the waiting list reopens.

When the waiting list is to be opened, an announcement will be made in compliance with the Project's approved Affirmative Fair Housing Marketing Plan, which will be sent to the locations and entities in the AFHMP.

### B. Removal of Applications from the waiting list

An applicant's name will not be removed from the waiting list unless:

- i. the applicant requests their name be removed; or
- ii. the applicant was clearly advised, in writing, of the requirement to tell property management of their continued interest in housing by a particular time and failed to do so; or
- iii. a reasonable effort was made, in writing, to contact the applicant to determine if there was continued interest in housing but has been unsuccessful; or
- iv. the applicant was notified, in writing, of its intention to remove the applicant's name; or
- v. the applicant no longer qualifies for assisted housing; or
- vi. the applicant refused second offer of unit for other than medically related reason.

## 9. INTERVIEW PROCESS

As applicants approach the top of the waiting list, they will be contacted to schedule an application interview. The interview shall be conducted in accordance with Section 42 and state regulations.

No decisions to accept or reject applications shall be made until all information presented by the applicant on the application has been verified.

## 10. VERIFICATION REQUIREMENTS

**Project** shall obtain verifications in compliance with Section 42 requirements. No decision to accept or reject an application shall be made until verifications triggered by the application form have been collected and any necessary follow-up interviews have been performed.

### A. Types of Verification Required

- i. All information relative to the following items must be verified as described in these procedures:
  - i. Eligibility for Admission, such as
    - a. income, assets, and asset income
    - b. household composition
    - c. Social Security Numbers
    - d. student status – full or part-time
    - e. age, disability, or disability of household members
  - ii. Priorities or preferences, such as
    - Chronically Homeless Veterans, with a mental or health condition
    - Chronically Homeless Female Veterans
    - Homeless Veterans with Families
    - Combat Veterans
    - Households whose total gross household income does not exceed 50% of the area median income as established annually.

NOTE: During lease up all referrals will be provided by the VA and screened using their process to verify priority preferences listed above. All applicants will be reviewed on a first come first served basis. Management will date/time stamp all applications. A supplemental form will be completed by the applicant.

- iii. Compliance with Tenant Selection Plan, such as
  - a. history of criminal activity including sex offender registry of any household member
- iv. Reasonable accommodations/modifications based on disability

All the above information must be documented and appropriate verification forms or letters placed in the applicant file.

B. Period for Verification

Only verified information that is less than 120 days old may be used for certification or recertification. Verified information not subject to change (such as a person's date of birth) need not be re-verified.

C. Forms of Verification - documentation required, as part of the verification process, may include:

- i. checklists completed as part of the interview process (signed by the applicant)
- ii. verification forms completed and signed by third parties
- iii. reports of interviews
- iv. documentation, i.e., award letters, pay stubs, bank statements, IRS 1040, etc.
- v. notes of telephone conversations with reliable sources
- vi. facsimile, email and internet
- vii. copies of local government condemnation or displacement notices
- viii. IRS tax returns

At a minimum, such reports will indicate the date and time of the conversation, source of the information, name and job title of the individual contacted, and a written summary of the information received.

Management will be the final judge of the credibility of any verification submitted by an applicant. If the documentation is considered to be doubtful, it will be reviewed by Management, who will make a ruling about its acceptability. Management will continue to pursue credible documentation until it is obtained or the applicant's application is rejected for failing to produce it. All tenant files that belong to building management will be stored in a lockable file cabinet. The file cabinet is stored in the building manager's office.

D. Sources of Information - Sources of information to be checked may include, but is not limited to:

- i. the applicant by means of interviews
- ii. present and former housing providers
- iii. present and former employers
- iv. management record services
- v. social workers, parole officers, court records, drug treatment centers, physician, clergy
- vi. The Department of Health and Human Services (HHS)
- vii. Database of Wage, New Hires, and Unemployment Compensation
- viii. The Social Security Administration (SSA)
- ix. Medicare/Medicaid
- x. "institutes of higher learning" for student status
- xi. law enforcement – federal, state, or local
- xii. National Sex Offender Public Website

E. Methods of verification that are acceptable. Verifications shall be attempted in the following order:

- i. Third-party verification (written or oral);
- ii. Review of documents provided by the applicant;
- iii. Self-certification.

**NOTE:** If third party verification is not available, then the file will be documented to show that the management attempted to obtain third-party written documentation before relying on some less acceptable form of information.

## **11.ATTEMPTED FRAUD**

Any information provided by the applicant that verification proves to be untrue may be used to disqualify the applicant for admission on the basis of attempted fraud. HUD regulations consider false information discovered during the application process on any of the following to be grounds for rejecting an application:

- A. Income, assets, household composition
- B. Social Security Numbers
- C. Preferences and/or priorities
- D. Student status, full or part time

Unintentional errors that do not cause preferential treatment will not be used as a basis to reject the application.

## **12.OBTAINING APPLICANT RELEASES**

All applicant household members, age 18 and older, must sign the necessary consent releases required for gathering information needed to determine eligibility during the application process.

## **13.REVIEW OF APPLICATIONS FOR ACCEPTANCE OR REJECTION**

**NOTE:** Applications for HUD-VASH PBV units will be received and reviewed by the Public Housing Authority and Accepted or Rejected according to HUD-VASH Program Requirements.

- A. If the applicant requests an appeal interview to determine whether mitigating circumstances or reasonable accommodations due to their disability would make it possible to accept their application, management will do so according to Section 42 regulations and Section 504 of the Rehabilitation Act of 1973.
- B. And, if you are a person with a disability, you have the right to request reasonable accommodations to participate in the informal hearing process.
- C. If an applicant is clearly eligible and passes the screening guidelines, admission shall be authorized. Likewise, if the applicant is ineligible, rejection of the application shall be authorized.
- D. Management will follow the grievance process which is the applicant's right to respond to the owner in writing or request a meeting within 14 days to dispute the rejection.

## **14.APPLICANTS WITH DISABILITIES**

Management will consider the appeal of an application rejection; if the applicant has a disability and the reasons for the rejection could be overcome by management's reasonable accommodation of the applicant's disability. For reasonable accommodations to apply there are several requirements. First, the applicant must make the request and have a verifiable disability [mental or physical impairment that substantially limits one or more major life activities] unless the disability is readily apparent. To not reject the application, the disability must have a direct nexus to the reason the application would be rejected. The applicant must request the reasonable accommodation and, if required, provide verification of the disability and the need for the accommodation. Finally, for the accommodation to be reasonable it cannot result in an undue financial and administrative burden to the Project.



In some situations, even with reasonable accommodations, applicants with disabilities cannot meet essential program requirements. In these situations, the applicant is not eligible and the application will be rejected. Examples of such situations are behavior or performance in past housing caused a direct threat to the health or safety of persons or property; or other information that shows the applicant's inability to comply with the terms of the Project's lease; or an objective determination that the applicant would require services from management that represent an alteration in the fundamental nature of the Project's program.

## **15. REJECTION OF APPLICATION OF INELIGIBLE OR UNQUALIFIED APPLICANTS**

**NOTE:** Section 17 does not apply to screening of applicants for HUD-VASH PBV Units

The Project complies with application rejection requirements. Applications will be rejected if it is determined that the applicant or any member of the household falls within the following categories, including but not limited to:

NOTE: The Lessee will implement the Housing First model. Housing First is an approach where homeless persons, usually chronically homeless or especially vulnerable homeless individuals and families, are provided immediate access to housing and then offered the supportive services that may be needed to foster long-term stability and prevent a return of homelessness.

Management will work closely with the VASH team and case managers on a case by case basis to discuss applicant(s) that reveal serious crime record transgressions and determine approval or denial using a checklist rating system. Management may accept a professional referral letter or checklist stating process and goals to correct behavior and or to clear up record(s).

- A. Misrepresentation: Willful or serious misrepresentation in the application procedure for the apartment or certification process for any government assisted dwelling unit.

**NOTE:** Incomplete applications will be rejected.

- B. Records of Disturbance of Neighbors, Destruction of Property or Other Disruptive or Dangerous Behavior: Includes behavior or conduct which adversely affects the safety or welfare of other persons by physical violence, gross negligence or irresponsibility, which damages the equipment or premises in which the household resides; or which is disturbing or dangerous to neighbors or disrupts sound family and community life.
- C. Violent Behavior: Includes evidence of acts of violence or of any other conduct, which would constitute a danger or disruption to the peaceful occupancy of neighbors.
- D. Failure to provide social security number documentation for all family/household members. Student status does not meet the Section 42 Student eligibility requirements.
- E. Criminal History: It is the policy of the Lessee to screen adult applicants, residents, and household members for criminal history at the time of initial certification or proposed move-in and to reject adult applicants, or terminate federal subsidy and/or Lease Agreements of adult residents, if it is determined that current or past criminal activity of an adult applicant, resident, or household member may indicate a present threat to the health, safety, property management personnel or persons residing in the immediate vicinity of the property. An adult is a person 18 years of age or

older or a person convicted of a crime as an adult under federal, state, or tribal law.

- a. *Sex Offenders*: Applicants must not have been convicted or adjudicated to any determination showing guilt (such as entry of probation before judgment) for any degree of sexual offenses within the applicant's lifetime;
- b. *Sex Offender Registration*: Applicants must not be currently court-mandated to registration as a sex offender under any state's or federal court order;

## **16. ACCEPTANCE AND MOVE-IN OF ELIGIBLE AND QUALIFIED APPLICANTS**

**NOTE:** The Public Housing Authority will determine Rent for HUD-VASH PBV units

- A. Determination for Rent
- B. Monthly rent amount will be determined in accordance with the federal and state regulations governing the housing program and state law.
- C. Security deposit will be no more than 2 months of rent.

## **17. OFFERING AN APARTMENT**

When an apartment becomes available for occupancy, it will be offered to the applicant at the top of the waiting list for that apartment type. If the applicant cannot be contacted within five (5) working days, the offer will be cancelled and the apartment will be offered to the next applicant on the waiting list.

In that event, the first applicant will be sent a letter requesting confirmation of its interest in remaining on the waiting list. If the applicant replies affirmatively, its application will retain its position on the waiting list. If the reply is negative, or if no reply is received within five (5) working days, the application will be removed from the waiting list.

If an applicant rejects the offer of an apartment twice, the applicant will be removed from the waiting list.

## **18. PRIOR TO MOVE-IN / TENANT INTERVIEW**

The Manager must meet with all residents of the apartment Management will explain the HUD regulations regarding the following:

- A. security deposits and refunds – applicant must pay before moving in
- B. unit inspections
- C. House Rules
- D. transfer policy
- E. Section 42 student eligibility
- F. charges for facilities and services
- G. VAWA – Violence Against Women Act
- H. apartment must be the family's only residence; therefore; residents are not allowed an unexplained and/or extended absence from the premises for sixty (60) continuous days or longer than 120 continuous days for medical reason
- I. all adult members of the household, 18 years and older will sign the lease, community policies (house rules), and related documents
- J. applicant and manager will inspect the apartment and sign the Move-In Inspection form

- K. applicant will pay the rent for the first month, as set forth in the Lease applicant will be given a copy of the Lease, the Move-In Inspection form, Community Policies, and the receipt for the Security Deposit and first month's rent

## 19. TRANSFER POLICY

Residents who wish to transfer to another unit must complete a Unit Transfer Request. This request must be completed and signed by the head of household and all adult household members who wish to transfer.

Security Deposits will be transferred when a household transfers from one apartment to another.

Transfers will be reviewed and may be granted, based on, but not limited to the following:

- A. Household size;
- B. Changes in family composition;
- C. Medical reason or because of a Reasonable Accommodation due to the disability of a household member;

Residents, who either request a transfer or are required to transfer for any of the above reasons, will be placed on a transfer waiting list based on the apartment size requested.

Residents may be required to transfer in any situation, which may arise that is due to reasons beyond anyone's control, including, but not limited to, natural disasters or extensive repairs to be completed in, or around, the unit which cannot be completed while the unit in question is occupied.

**NOTE:** Current residents that have been required to transfer due to reasons beyond anyone's control, (noted in previous paragraph) will be given priority over applicants.

**NOTE:** Current residents, who may qualify for rental assistance, or who meet the qualifications listed in the above Transfer Policy for transfer to a different unit shall be given priority over applicants.

**NOTE:** Depending upon the circumstances of the transfer, a resident may be obligated to pay all costs associated with the move. However, if a resident is transferred as a reasonable accommodation to a household member's disability, then the owner must pay the costs of moving the resident's belongings, unless doing so would be an undue financial and administrative burden.

**NOTE:** Transfers will not take place if the resident is not in compliance with their Lease, this includes but is not limited to the lease violations for "decent, safe and sanitary care of apartment that have not been "cured", unpaid rent, late fees, damage charges and any other outstanding lease violations. The transfer request will remain on the transfer waiting list until resident is in compliance with their lease and transfer takes place or resident moves out.

## 20. AT MOVE-IN

Keys to the apartment will be issued to the household. After move-in, periodic inspections will be completed.

## 21. FAILURE TO MOVE-IN ON TIME

If a household fails to move in on the agreed date, the application will be declined and the apartment will be offered to the next household on the waiting list unless there are extenuating circumstances.

## 22. UNIT INSPECTIONS

All apartments must undergo a move-in and move-out inspection by the on-site management team. These inspections include not only interior but also exterior inspections. There will be an annual inspection. From time to time, HUD and/or the Contract Administrator will conduct an inspection.

## 23. ANNUAL RECERTIFICATIONS

**NOTE:** The Public Housing Authority will conduct Annual Recertification for HUD-VASH PBV units according to HUD-VASH program for rent determination.

## 24. REASONABLE ACCOMMODATION AND MODIFICATIONS

It is our policy, pursuant to Section 504 of the Rehabilitation Act (if applicable) and the Federal Fair Housing Act, to provide reasonable accommodations and modifications upon request to all applicants, residents, and employees with disabilities. The **Project** will seek to identify and eliminate situations or procedures, which create a barrier to equal housing opportunity for all. In accordance with Section 504, the **Project** will make reasonable accommodations for individuals with disabilities (applicants or residents). Such accommodations may include changes in the method of administering policies, procedures, or services.

When an otherwise qualified applicant requests a reasonable accommodation or modification, management is not required to:

- A. make structural alterations that require the removal or altering of a load-bearing structure,
- B. provide support services that are not already part of its housing programs,
- C. take any action that would result in a fundamental alteration in the nature of the program or service, or
- D. take any action that would result in an undue financial and administrative burden on the **Project**, including structural impracticality as defined in the Uniform Federal Accessibility Standards (UFAS).

## 25. APPLY SCREENING CRITERIA UNIFORMLY TO ALL APPLICANTS

Screening is used to help ensure that households admitted to a property will abide by the terms of the lease, pay rent on time, take care of the unit and common property, and allow all other residents to peacefully enjoy their homes. Anyone who wishes to live on the property must be screened prior to moving in. This includes, but is not limited to, live-in aides, security/police officers or additional household members wishing to move-in after the initial move-in.

Should an application be approved and move-in has occurred, any addition to the household must be approved by Management. The same screening completed to approve the original application will be used for future household members.

## **26. GRIEVANCE PROCEDURE – WHEN REJECTING AN APPLICATION, MANAGEMENT WILL:**

**NOTE:** Applications rejected for HUD-VASH PBV units according to HUD-VASH program will follow the Public Housing Authority's Grievance policy procedures.

provide notification in writing of reasons for rejection;

- A. inform the applicant they have 14 days to request in writing a meeting to discuss the rejection;
- B. allow the applicant with a representative to participate in an informal meeting;
- C. have the meeting conducted by a member of management who was not involved in the initial decision to reject the application;
- D. consider mitigating circumstances would allow the processing of your application to continue;
- E. provide a written determination to the applicant within 5 days of meeting.

**NOTE:** If you are a person with a disability, you have the right to request reasonable accommodations to participate in the informal hearing process

**NOTE:** Your response to this letter does not preclude you from exercising other avenues available if you believe that you are being discriminated based against race, color, religion, sex, national origin, familial status, or disability.

## **27. Changes to Resident Selection Plan**

No changes to this Tenant Selection Plan or the processes described herein shall occur without the prior written approval of the Designated VA Representative (DVR).

## **28. Occupancy and Utilization Reports**

Reports on Occupancy and Utilization will be prepared on an annual basis by Lessee with copies being provided to GLAHS. The reports will include the number of applicants and status (Veteran or non-Veteran, homeless, disabled, at-risk), number of rejections, occupancy levels by month, eviction data (including voluntary vs. involuntary move-outs), and income and expenses by month and year, during the reporting period.

Copies of the documentation of the outreach efforts and the referrals and submissions of VA will be kept on file at the Project for a period of time not less than 5 years from the date the document is created and shall be provided to VA upon request.



**EXHIBIT "G"**

**MEMORANDUM OF LEASE**

**EXHIBIT "G"**

**MEMORANDUM OF LEASE**

THIS MEMORANDUM OF ENHANCED-USE LEASE ("Memorandum") is made as of the \_\_\_\_ day of \_\_\_\_\_, 2019, by and among THE SECRETARY OF VETERANS AFFAIRS, AN OFFICER OF THE UNITED STATES, ON BEHALF OF THE DEPARTMENT OF VETERANS AFFAIRS ("Lessor"), Building 205 Holdings, LLC, a California limited liability company, as the initial lessee ("Initial Lessee"), and Building 205 Preservation, LP, a California limited partnership, as the new lessee (the "Lessee")

**WITNESSETH:**

1. Agreement of Lease. Lessor has leased to Initial Lessee a certain parcel of land described in Exhibit "A" attached hereto, for a term of seventy-five (75) years, commencing on the Effective Date, together with the non-exclusive right to use the Access Roads as set forth in the Lease, which Lease was subsequently assigned to and assumed by the Lessee under an Assignment and Assumption Agreement of the Enhanced-Use Lease of Certain Real Property and Facilities at the VA Greater Los Angeles Healthcare System West LA Campus Los Angeles, California (the "Assignment") by and among the Lessor, Initial Lessee and Lessee.
2. Parties to Lease. For more information, the parties to the Lease and Assignment may be contacted at the following addresses:

LESSOR: Department of Veterans Affairs  
Office of Asset Enterprise Management (004B)  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420  
Attn: Designated VA Representative

INITIAL LESSEE: Building 205 Holdings, LLC  
c/o Veterans Housing Partnership LLC  
550 South Hope Street, Suite 510  
Los Angeles California 90071  
Attention: Asset Management Attn: Asset Management

LESSEE: Building 205 Preservation, LP  
c/o Building 205 Preservation, LLC  
500 South Grand Avenue, 22nd Floor  
Attn: Asset Management

3. Provisions of Lease. The provisions set forth in the Lease and Assignment, dated as of even date with this Memorandum, are hereby incorporated into this Memorandum by

reference. In the event of any conflict between the provisions of the Lease, the Assignment and this Memorandum, the provisions of the Lease shall control.

4. Miscellaneous. This Memorandum shall inure to the benefit of and be binding upon the parties hereto and their respective successors, assigns and legal representatives. This Memorandum shall be governed by and enforced in accordance with the laws of the United States and, to the extent such laws do not apply, then by the laws of the State of California without regard to its principles of conflicts of law.

[Remainder of page intentionally left blank]







**INITIAL LESSEE:**

BUILDING 205 HOLDINGS, LLC, a California limited liability company

Communities For A Better Life, a California nonprofit public benefit corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA                    )  
                                                          ) ss.  
COUNTY OF \_\_\_\_\_)

On \_\_\_\_\_, 2019 before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

**WITNESS** my hand and official seal.

\_\_\_\_\_  
Notary Public





**LESSEE:**

BUILDING 205 PRESERVATION, LP, a California limited partnership

By: BlueGreen Preservation and Development Company, LLC,  
a Delaware limited liability company, its Manager

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA                    )  
                                                          ) ss.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2019 before me, \_\_\_\_\_, a Notary Public,  
personally appeared \_\_\_\_\_, who proved to me on the basis of  
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and  
acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by  
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted,  
executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

**WITNESS** my hand and official seal.

\_\_\_\_\_  
Notary Public

**EXHIBIT “A”**

**LEGAL DESCRIPTION FOR THE MEMO OF LEASE**



**EXHIBIT "H"**

**CTCAC LEASE RIDER**

Free recording in accordance with  
California Government Code  
Section 27383

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

California Tax Credit Allocation  
Committee  
915 Capitol Mall, Rm 485  
Sacramento, CA 95814

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## CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

### LEASE RIDER AGREEMENT (TAX CREDITS) Ground Lease

TCAC NUMBER CA-  
PROJECT NAME

**THIS LEASE RIDER AGREEMENT** (the "Lease Rider Agreement") is dated this day of \_\_\_\_\_, \_\_\_\_\_, and is made and entered into for reference purposes only, by and among the Secretary of Veterans Affairs, an officer of the United States on behalf of the Department of Veterans Affairs (the "Lessor"), Building 205 Preservation, LP (the "Lessee"), and the California Tax Credit Allocation Committee, a public agency of the State of California established under Section 50199.8 of the Health and Safety Code ("TCAC") in consideration of the following facts and circumstances:

- A. Lessor is the fee simple owner of that certain real property described in Exhibit A to the Lease attached hereto and incorporated herein (the "Property");
- B. Lessor and Lessee entered into the following ground lease of the Property: that certain Enhanced-Use Lease of Certain Real Property and Facilities at the Greater Los Angeles Healthcare System West LA Campus, Los Angeles, California, dated \_\_\_\_\_, which is available for public viewing (the "Lease") and a memorandum of which was recorded in the official records of Los Angeles County, California, as Instrument No. \_\_\_\_\_ (the "Memorandum of Lease");
- C. Pursuant to the Lease, Lessee has agreed to acquire a leasehold in the Property for a term described below in Paragraph 2.f. which is at least as long as the TCAC Regulatory Agreement and to develop, acquire, construct, rehabilitate, renovate, own, operate and manage a rental housing development on the Property consisting of not less than \_\_\_\_\_ residential rental units [and nonresidential space(s) approved by TCAC]. During the term of the Lease, Lessee is the owner of all of those certain buildings, improvements and fixtures now or hereafter erected on the Property

described in the lease, and all appurtenances thereto now or hereafter affixed to, placed upon or used in connection with such real property and owned by Lessee or in which Lessee has an interest, together with all additions to, substitutions for, changes in or replacements of the whole or any part of said articles of property (collectively, the "Improvements"). Collectively, the Lessee's leasehold interest in the Property and its interest in the Improvements constructed pursuant to the Lease are hereinafter sometimes referred to as the Development (the "Development");

D. TCAC has authorized an allocation of federal [and state] low-income housing tax credits by a Reservation Letter dated \_\_\_\_\_ (the "Allocation") to Lessee to finance, in part, the Development, pursuant to the Low Income Housing Tax Credit Program ("Program"). The Allocation is subject to numerous terms and conditions, including without limitation, the execution and delivery of this Lease Rider Agreement and the TCAC Regulatory Agreement which sets forth certain use restrictions affecting the Development, which TCAC Regulatory Agreement is to be recorded in \_\_\_\_\_ County, as required by Section 42 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (collectively, "Section 42");

E. As a further condition of the Allocation and pursuant to the requirements of the Program, Lessee and TCAC [have entered] [will enter] into a Regulatory Agreement, including any amendments thereto (the "Regulatory Agreement"), securing performance related to the Allocation, and governing the use, occupancy, operation, management and ownership of the Development. Consistent with the provisions of Section 17 hereof, Lessor and Lessee have agreed that the provisions of this Lease Rider govern the relationship between Lessor and Lessee with respect to the specific provisions of this Lease Rider.

F. In order to induce TCAC to make the Allocation, Lessor and Lessee have agreed to enter into and record this Lease Rider Agreement for the benefit of TCAC, its successors, and assigns; and

G. It is the intent of TCAC that TCAC will exercise its rights and remedies under this Lease Rider Agreement only after written notice of any Lease defaults have been provided to Lessor, any Senior Lender, the Tax Credit Partner, and any other party known by TCAC to have either an ownership or other equitable interest in the Development. In addition, it is the intent of TCAC that the exercise of its rights and remedies under this Lease Rider Agreement generally shall be undertaken as part of a judicial action in a court of competent jurisdiction unless Lessor and any Senior Lenders otherwise agree.

**NOW THEREFORE**, in consideration of the foregoing recitals and the mutual covenants hereinafter contained, TCAC, Lessee and Lessor hereby agree as follows:

1. Definitions and Lease Rider Term.

a. As used herein, "Leasehold" means all of Lessee's leasehold interest in the Property described in Exhibit A, pursuant to the Lease, together with all options

contained in the Lease or granted in connection with the Lease, all other rights of Lessee under the Lease, and all subleases entered into in connection with the Lease (the "Subleases").

b. For the purposes of this Lease Rider Agreement, "Lessor's current knowledge" means information known to Lessor based solely upon a reasonably diligent review of the Designated VA Representative's (DVR) contract file, but without any expectation or duty by Lessor to investigate, at the time of execution of this Lease Rider.

c. For the purposes of this Lease Rider Agreement, TCAC is deemed a "leasehold Mortgagee" as that term is used in the Lease and lessor's execution of this Lease Rider Agreement is deemed delivery for the purposes of Article 20. B.and C.1.

d. For the purposes of this Lease Rider Agreement, the holders of all mortgages and any other lenders approved by TCAC and all successors and assigns thereof including the holders of any mortgage lien against the Improvements or Lessee's interest in the Leasehold are collectively referred to as "Senior Lenders." For the purposes of this Lease Rider Agreement, TCAC is deemed a "Leasehold Mortgagee" as that term is used in the Lease and Lessor's execution of this Lease Rider Agreement is deemed to be Lessor's approval of TCAC as a Leasehold Mortgagee for purposes of Article 20.C and written notice of the name and address of the Leasehold Mortgagee. Lessor acknowledges that no Leasehold Mortgage will be delivered in connection with approval of TCAC as a Leasehold Mortgagee.

e. Lease Rider Agreement Term. This Lease Rider Agreement becomes effective on the date the TCAC Regulatory Agreement is recorded and remains in effect for at least the term of the Regulatory Agreement. Upon the expiration or sooner termination of the TCAC Regulatory Agreement, this Lease Rider Agreement shall terminate and be of no further force or effect.

2. Representations and Warranties of Lessor and Lessee. Lessor and Lessee hereby represent and warrant to TCAC as of the date of this Lease Rider Agreement as follows:

a. Title. (1) By Lessor: Lessor represents to TCAC that, to the best of Lessor's current knowledge, Lessor has jurisdiction and control over the Property which is described in and subject to the Lease. To Lessor's current knowledge, all existing easements and rights of way, whether or not recorded, have been disclosed to Lessee pursuant to Article 5, Paragraph A of the Lease. Lessee has agreed that any such easements and rights of way will not and do not interfere with Lessee's ability to complete construction of the Project and operate it for the term and in the manner agreed to in the Regulatory Agreement. A copy thereof is attached to this Lease Rider Agreement as Attachment .

(2) By Lessee: [If applicable, OPTION 1:] Lessee has entered into an agreement with \_\_\_\_\_ ("the Agreement") dated \_\_\_\_\_ for a loan of \$ \_\_\_\_\_ to further assist the Development which will be secured by \_\_\_\_\_, all as more fully described under the \_\_\_\_\_ Agreement. The \_\_\_\_\_ Agreement provides for \_\_\_\_\_ to be provided with a security interest as to the Development. Lessee warrants and represents that it [has provided/will provide] TCAC with a copy of the Agreement [which is subject to TCAC approval] [which previously was approved by TCAC] [and TCAC acknowledges receipt of such \_\_\_\_\_ Agreement] prior to execution of this Lease Rider Agreement.

[If applicable, OPTION 2]: Lessee has entered into one or more loan agreements ("the Agreement(s)") which will be secured as more fully described in the Agreement(s). Lessee warrants and represents that it [will provide/has provided] a true and correct copy of said Agreement(s) to TCAC as part of TCAC's placed in service review, for which the issuance of the IRS Form 8609 shall constitute approval.

b. Priority. Lessor represents to TCAC that, to the best of Lessor's current knowledge, the Lease is superior to any and all mortgage liens on the Property and, to the best of Lessor's current knowledge, nothing encumbers the Property which would interfere with Lessee's ability to construct and operate the Development on the Property.

c. Transfers by Lessor. Lessor represents to the best of Lessor's current knowledge that it has not assigned, mortgaged, or otherwise hypothecated or transferred, or agreed to assign, mortgage or otherwise hypothecate or transfer, its interest in the Property in whole or in part except for matters of record at the time of execution of this Lease Rider Agreement.

d. Status of Lease. Lessor represents that:

(1) Lessor is the current Lessor under the Lease. To the best of Lessor's current knowledge, the Lease is in full force, the Lease is not void, voidable or terminable as of the date hereof without an uncured default by Lessee, and to the best of Lessor's current knowledge, there has been no default thereunder on the part of Lessee nor has any event occurred which, with the giving of notice or the passage of time, or both, would be an event of default thereunder. Lessor has not given notice of any violation under the Lease to Lessee. Lessor has not been informed of and has not otherwise received notice from Lessee or from any other person or entity concerning any alleged default on the part of Lessor under the Lease. To the best of Lessor's current knowledge, there exist no defenses or offsets to enforcement of the Lease by Lessee.



(2) Any consent or approval of any third party (including any lender or government agency) that is required in order for Lessor to deliver this Lease Rider Agreement has been obtained.

(3) To the best of Lessor's current knowledge, no alterations, improvements or additions now exist on the Property that have not been approved by the Lessor.

e. Other Agreements. All terms and conditions of the Lessee's tenancy under the Lease are set forth in the Lease and Lessor and Lessee each certify to the best of its knowledge that there have been no other agreements and no further or other supplements, amendments, modifications or extensions thereof except those submitted to and approved by TCAC.

f. Lease Term. The date of the commencement of the Lease term is \_\_\_\_\_ and will end on \_\_\_\_\_ unless terminated sooner pursuant to its terms. All conditions precedent to the effectiveness of the Lease or the exercise of any of Lessee's rights thereunder at the effective date of the Lease have been fully satisfied.

g. Development. To the best of Lessor's current knowledge, the Improvements constructed, or to be constructed, by Lessee on the Property satisfy or are expected to satisfy all requirements affecting the design, use or characteristics of such Improvements imposed by Lessor under the Lease or otherwise, including a requirement by Lessor for Lessee to comply with any and all applicable provisions of federal, state and local laws, including but not limited to Title 24, California Code of Regulations, the "California Building Standards Code" in effect at the time the permits are issued, subject to any valid amendments by the City of Los Angeles (see CA Health & Safety Code Section 17958) and all agreements with any public entities concerning the Development, as amended from time to time. When lessor's approval is required for repairs, the consent will not be unreasonably or arbitrarily withheld or delayed.

h. Insurance. All notices, certificates, binders, endorsements, copies of policies, and receipts required under the Lease have been delivered to and approved by Lessor.

### 3. Cancellation, Transfer of Interest.

a. Subject to the rights of Senior Lenders and the Tax Credit Partner and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record, Lessor and Lessee agree that so long as TCAC, its successor or assigns holds the Regulatory Agreement encumbering the Development, no termination of the Lease or efforts by Lessor to terminate the Lease and no subordination, cancellation, surrender, amendment or modification of the Lease shall be effective without the prior written consent of TCAC, which consent shall be in TCAC's reasonable

discretion and may be conditioned upon the satisfaction of such terms and conditions not inconsistent with Lease as TCAC may reasonably prescribe. TCAC shall have 30 days after its receipt of such a notice and any clarifications thereof requested by TCAC to consent to or deny any such variation from those obligations. Failure by TCAC to act within such a 30-day period shall constitute consent to such a variation. Any attempt by Lessor to take such action shall be void without TCAC's prior written consent or implied consent as provided for in this Section 3.a. For the purposes of **the provisions of** this subsection, TCAC will be granted the same rights as granted a "Leasehold Mortgagee" pursuant to Article 20.D. of the Lease.

b. Subject to the rights of Senior Lenders and the Tax Credit Partner, the notice and consent provisions in Section 20(D)(1) of the Lease, and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record, Lessor agrees that it shall not transfer, convey, sell, hypothecate, assign, encumber or permit any liens against its interest, or any portion thereof, in the Property unless Lessor requires, and any purchaser, assignee, or transferee agrees, that the purchaser, assignee, or transferee will expressly assume all obligations of Lessor under the Lease and this Lease Rider Agreement.

c. Foreclosure. Nothing contained in this Lease Rider Agreement shall prevent a Senior Lender from foreclosing on its security interest or accepting a conveyance in lieu of foreclosure.

d. No Merger. There shall be no merger of the Lease or any interest in the Lease, nor of the Leasehold interest, with the fee estate in the Property if the Lease or such interest therein, or such Leasehold interest may be directly or indirectly held by or for the account of any person who shall hold the fee estate in the Property, or any interest in such fee estate, nor shall there be such a merger by reason of the fact that all or any part of the Leasehold interest created thereby may be conveyed or mortgaged in a leasehold mortgage, deed of trust, or other security instrument to a leasehold mortgagee that shall hold the fee estate in the Property or any interest of the Lessor under the Lease.

4. Consent to Assignment, Payment of Rent.

a. Subject to the rights of Senior Lenders, and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record, Lessor hereby consents to and approves the following, subject to the Lease and including such consents or approvals as are required under the Lease:

(1) Lessee's encumbering the Lease, the Leasehold by the Regulatory Agreement; possession of the Leasehold by TCAC or by a receiver under

the Regulatory Agreement; and sale of the Leasehold pursuant to a court order or other agreement enforcing the Regulatory Agreement;

(2) Assignments to TCAC or its designee of any subleases and any and all rents from such subleases; and

(3) Sale or assignment of all or any part of any interest in the Leasehold to any purchaser or transferee pursuant to a court order or other agreement enforcing the Regulatory Agreement (such purchaser or transferee, including TCAC, is collectively referred to as the "Transferee"), and to any subsequent transfers (all such assignments, transfers, and subsequent transfers referred to in this Lease Rider Agreement as the "Transfer").

b. Nothing in this Lease Rider Agreement, in the Regulatory Agreement or in the Lease shall impose on TCAC the obligations of Lessee under the Lease or require TCAC to assume the Lease unless TCAC takes possession or ownership of the Development pursuant to a court order or other agreement under the Regulatory Agreement, or becomes the lessee under the Lease or a Replacement Lease (defined in Article 20.F.2. of the Lease).

5. Notice of Defaults; Termination Notice.

a. Notice and Cure. Subject to the terms of the Lease, Lessor shall provide concurrently to TCAC a written copy of all notices and demands, including, without limitation, notices of default or breach which Lessor gives, delivers, or sends to a Leasehold Mortgagees pursuant to the Lease, and for the purposes of this subsection, TCAC will be granted the same rights as granted a Leasehold Mortgagee pursuant to Article 20.D. and 20.E. of the Lease.

b. Termination Notice. Subject to the terms of the Lease, after the expiration of the grace period given Lessee under the Lease to cure a default, Lessor shall give TCAC a written notice (the "Termination Notice") that Lessee has failed to cure the default within the grace period. Lessor shall not terminate the Lease, unless, after giving of such Termination Notice and after the expiration of the time afforded TCAC as a "Leasehold Mortgagee" to cure Lessee's default under Article 20.E. of the Lease (including any additional time which VA approves by written consent in its sole discretion) TCAC fails to remedy an uncured Lessee default. In the event the default results in the existence of an immediate or imminent serious health and safety threat to the residents or the public, Lessor may request TCAC to approve a shorter termination date which shall not be unreasonably denied. In addition, TCAC may waive its right to the period to cure if TCAC determines that it will not take action to effect a cure for the default. No Termination Notice shall become effective to terminate the Lease if:

(1) Except as provided in Section 5.c., within the applicable cure period under the Lease (including any additional time which VA approves by written consent in its sole discretion), TCAC cures all defaults which can be

cured by payment or expenditure of money or without possession of the Development; or provides reasonable assurance and undertakings for the cure of such default. To effect a cure of Lessee's default, TCAC may, subject to the rights of all Senior Lenders, make any repair or improvement, do any other act or thing required of Lessee under the Lease, or do any act or thing which may be necessary or proper to prevent termination of the Lease. TCAC and its agents and contractors, subject to the rights of all Senior Lenders, shall have full access to the Property and Improvements for purposes of accomplishing the curing of defaults under the Lease. Any of the foregoing done by TCAC shall be as effective to prevent a termination of the Lease as the same would have been if done by Lessee; or

(2) TCAC commences and diligently pursues judicial and/or administrative proceedings commenced under the Regulatory Agreement to cure a default.

(3) But if TCAC has not cured a default upon the expiration of such Termination Notice pursuant to Subsection (1) above or fails to commence and diligently pursue a cure pursuant to Subsection (2) above, and subject to compliance with other provisions of this Section 5.b. and any limitations on termination in the Lease, Lessor may terminate the Lease and pursue such other remedies as are available under the terms of the Lease.

c. Defaults Not Susceptible to TCAC Cure. TCAC shall not be required to perform any act which is not susceptible to performance by TCAC, such as to cure a filing or condition of bankruptcy or insolvency or to cure or commence the cure of any default which is Lessee's failure to pay or comply with any lien, charge or encumbrance which is junior in priority to the Regulatory Agreement, or to pay any amount owed under an indemnity of Lessor by Lessee based on an event occurring prior to TCAC's possession of the Development. If any such act not susceptible to performance by TCAC constitutes a breach under the Lease, Lessor may resort to any and all of its remedies for such breach under the Lease.

d. Reimbursement of Lessor's Payment of Arrears. Lessor agrees that if Lessor cures Lessee's failure to make any payment due under the Lease or any loan identified in Section 2.a., it shall seek reimbursement of amounts so paid solely from Lessee and TCAC shall have no obligation to pay such amounts to Lessor.

d. Waiver of Breach or Default. Subject to the rights of Senior Lenders, on transfer of the Leasehold interest pursuant to a court order or other agreement enforcing the Regulatory Agreement, all violations, defaults and breaches by Lessee under the Lease occurring prior to such transfer, including, without limitation, nonpayment of rent or other amounts payable under the Lease, shall be deemed personal obligations of Lessee, and TCAC or other Transferee shall be entitled to the Replacement Lease as described in Section 6 below without incurring or assuming any liability or obligation of, or claim against, Lessee under



the Lease. However, upon transfer of the Leasehold interest, TCAC or the Transferee, as applicable, shall be responsible for correcting all defaults in existence at the time of the transfer; Lessor may exercise its rights under Section 5.b. if TCAC or the Transferee fails to correct any such default within a reasonable time. Nothing in this section shall be deemed a waiver of any claim by Lessor, TCAC, or other Transferee against Lessee under the Lease.

f. Enforcement Not a Breach. Any action taken by TCAC to enforce its rights under this Lease Rider Agreement with respect to Lessee with respect to any of the documents governing the Allocation including, without limitation, any actions taken to collect any amounts due and owing to TCAC or any action to appoint a receiver for the Development or to otherwise ensure compliance with the Regulatory Agreement, shall not constitute or result in a breach or violation of the Lease.

g. Status Quo Ante. Any default by Lessee shall not prejudice TCAC if TCAC chooses to cure such default within the applicable grace period specified by this Lease Rider Agreement or the Lease, and Lessor acknowledges and agrees that upon TCAC's cure of any such default, the Lease shall be restored status quo ante.

6. Replacement Lease.

a. Conditions. Section 5 hereof notwithstanding, [and subject to the rights of Senior Lenders as provided in their security instruments,] Lessor agrees to comply with the requirements of Section 6.b. if the following conditions specified in this Section 6.a. apply:

(1) The Lessee's Lease or a Transferee's Replacement Lease is terminated for any reason whatsoever and TCAC or a subsequent Transferee acquires possession or ownership of the Development as a result of TCAC enforcing its remedies authorized by the Regulatory Agreement; and

(2) TCAC or other Transferee, whether or not such party has assumed the Lease, requests Lessor in writing pursuant to Section 6.b. to enter into a new lease (the "Replacement Lease") of the Property within ninety (90) days after TCAC or the Transferee takes possession or ownership of the Development either as a result of a court order or other agreement under the Regulatory Agreement. The Replacement Lease shall be at the rent of, and consistent with, the terms, provisions, covenants, options and agreements contained in the terminated Lease, or granted by the Lessor in connection with the Lease, all as modified or supplemented by this Lease Rider Agreement unless Lessor agrees to lower rent or less restrictive terms and conditions.



b. Obligations. If the conditions specified in Section 6.a. have been satisfied, [and subject to the provisions of matters of record and the rights of Senior Lenders in their security instruments,] Lessor shall:

(1) upon receipt of the request for Replacement Lease described in Section 6.a.(2) above, enter into a Replacement Lease of the Property with TCAC, its nominee, or its successor-in-interest or other Transferee, for the remainder of the term of the Lease, effective as of the date of the termination of the Leasehold or conveyance of the Development pursuant to a court order or other agreement under the Regulatory Agreement;

c. Priority. The Leasehold interest and any other interest (if any) in the Development granted to TCAC, its nominee or its successor-in-interest or other Transferee under this Section 6 shall be prior to any mortgage or other lien, charge or encumbrance on the Development created by Lessee, except for the liens of Senior Lenders and except for encumbrances created by Lessor pursuant to the Lease and matters of record at the time of execution of this Lease Rider Agreement.

7. Successors to TCAC. Subject to Section 4 hereof, if the Leasehold is transferred pursuant to a court order or other agreement enforcing the Regulatory Agreement, Lessor shall recognize the Transferee as the tenant under the Lease, subject to the liens of Senior Lenders. Subject to and in accordance with the Lease, the rights and benefits of TCAC under this Lease Rider Agreement shall benefit and may be exercised by any Transferee. The holder of any mortgage or deed of trust which may be given to secure a portion of the purchase price in any sale by TCAC or its successor(s) after TCAC acquires the Leasehold interest or enters into a Replacement Lease under this Lease Rider Agreement shall be entitled to rely on continuation of the same rights and benefits of TCAC under this Lease Rider Agreement.

8. Diligence of TCAC. So long as TCAC is prevented by any process or injunction issued by any court or by any statutory stay, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessor or Lessee, from commencing or prosecuting its remedies under the Regulatory Agreement or other appropriate proceedings in the nature thereof, or undertaking or completing any of TCAC's rights or remedies under the Lease or this Lease Rider Agreement, TCAC shall not be deemed for that reason to have failed to commence such proceedings or to have failed to prosecute diligently such proceedings, provided, however, that TCAC shall use reasonable efforts to contest and appeal the issuance or continuance of any such process, stay or injunction.

9. Certificates.

(a) Certificate by Lessor. Within fifteen (15) calendar days after written request made by TCAC, Lessor shall execute and deliver to TCAC, or to any proposed purchaser, transferee, or encumbrancer of Lessee's Leasehold interest, a certificate declaring, to the best of Lessor's current knowledge at that time, (i) the existence and validity of the Lease, or Replacement Lease as the case may be, and amendments thereto, if any, and that such Lease or Replacement Lease remains in full force and effect; (ii) that all conditions under the Lease, or Replacement Lease, have been satisfied, and that there are no defaults under the Lease or Replacement Lease, or if there has been a default under the Lease or Replacement Lease, a description of the nature of such default; (iii) any other information relating to the condition of the Property reasonably requested by TCAC; and iv) that Lessor understands the recipient will rely on the certificate and that the Lessor will describe in reasonable detail any exceptions to the foregoing statements.

(b) Certificate by Lessee. Within fifteen (15) calendar days after written request made by TCAC, Lessee shall execute and deliver to TCAC, or to any proposed purchaser, transferee, or encumbrancer of Lessee's Leasehold interest, a certificate declaring to the best of Lessee's knowledge (i) the existence and validity of the Lease, or Replacement Lease as the case may be, and amendments thereto, if any, and that such Lease or Replacement Lease remains in full force and effect; (ii) that all conditions under the Lease, or Replacement Lease, have been satisfied, and that there are no defaults under the Lease or Replacement Lease, or if there has been a default under the Lease or Replacement Lease, a description of the nature of such default; (iii) any other information relating to the condition of the Property, Leasehold or the Development reasonably requested by TCAC; and (iv) that Lessee understands the recipient will rely on the certificate and that the Lessee will describe in reasonable detail any exceptions to the foregoing statements.

10. Notices. Notices and other communications required by this Lease Rider Agreement shall be delivered by messenger to the addresses provided below or sent by U.S Postal Service certified mail, return receipt requested, postage prepaid, addressed as follows:

**To TCAC:** California Tax Credit Allocation Committee  
915 Capitol Mall, Room 485  
Sacramento, CA 95814  
Attn. Executive Director

**To Lessor:** Department of Veterans Affairs  
Office of Asset Enterprise Management (044)  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420  
Phone: (202) 461-7778  
Fax: (202) 273-5585  
Attn: DVR

**With copies to:**

Department of Veterans Affairs  
West Los Angeles Medical Center  
11301 Wilshire Blvd.  
Los Angeles, CA 90073  
Phone: (310) 268-3132  
Attn: GLAHCS Director

Department of Veterans Affairs  
Office of Asset Enterprise Management (044)  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420  
Phone: (202) 461-8153  
Fax: (202) 273-9374  
Attn: Post Transaction Team Leader

Department of Veterans Affairs  
Office of General Counsel (RPLG)  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420  
Phone: (202) 461-7612  
Fax: (202) 273-9384  
Attn: Chief Counsel (EU Leasing)

To Lessee: Westside VA Building 205 Preservation LP  
c/o Veterans Housing Partnership LLC  
c/o Communities for a Better Life  
500 South Grand Avenue, 22nd Floor  
Los Angeles, CA 90071  
Phone: 310-309-6707  
Fax: 310-986-6486  
Attn: Vivian M. Lum, Chief Executive Officer

**With Copies To:**

Shangri-La Construction  
27762 Antonio Parkway, L1-543  
Ladera Ranch, CA 92694  
Phone: (949) 226-2858  
Fax: [ ]  
Attn: Judson C. Leibee, Esq.

BlueGreen Preservation & Development Company, LLC  
500 South Grand Avenue, 22nd Floor  
Los Angeles, CA 90071  
Phone: 310-309-6707  
Fax: 310-986-6486  
Attn: Vivian M. Lum, Chief Executive Officer

Hobson Bernardino + Davis LLP  
Citigroup Center  
444 S. Flower Street, Suite 3100  
Los Angeles, CA 90071  
Attn: Jason A. Hobson, Esq.  
Phone: [ ]  
Fax: [ ]

These addresses may be changed by a written notice given by any party hereto to the other parties in the same manner provided in this Section. Notices shall be effective on receipt.

11. TCAC's Rights Against Lessee. Nothing in this Lease Rider Agreement shall limit or restrict TCAC's rights and remedies under the Regulatory Agreement, or any other agreement between TCAC and Lessee.

12. Successors and Assigns. This Lease Rider Agreement shall inure to the benefit of and bind the successors and assigns of TCAC, Lessor and Lessee.

13. Uninsured Hazard. Subject to and in accordance with the Lease, Lessor agrees that neither TCAC nor any person acquiring the Development, or a portion of the Leasehold pursuant to a court order or other agreement enforcing the Regulatory Agreement, nor the lessee under a Replacement Lease pursuant to Section 6 hereof, nor any successive owner of a portion of the Development after such transfer or Replacement Lease shall have any obligation hereunder or under the Lease or Replacement Lease to repair or reconstruct any damage or loss to the Development which occurred prior to such transfer or Replacement Lease and which is due to a

hazard not required to be covered by insurance under the Lease or Replacement Lease except to the extent TCAC, a lessee under a Replacement Lease, or such successive owner had notice of such damage and an opportunity to repair or reconstruct prior to such transfer or Replacement Lease.

14. Duty to Repair. Subject to and in accordance with the Lease, Lessor agrees that if TCAC, its nominee, or its successor-in-interest succeeds to Lessee's Leasehold interest in the Property and if the Development shall have been or becomes materially damaged before or after the date of such acquisition, TCAC's, its nominee's, or its successor-in-interest's obligation, if any, to repair, replace or reconstruct the Development shall in any such event be limited to the greater of: i) the amount of the net insurance proceeds received by TCAC, its nominee, or its successor-in-interest by reason of that damage or ii) the amount TCAC, its nominee, or its successor-in-interest would be entitled to if in compliance with the minimum insurance requirements of Lessee under the Lease.

15. Options. Lessor and Lessee agree that TCAC or its successor-in-interest or other Transferee, after its acquisition of the Leasehold, may exercise any option to extend the term of the Lease or Replacement Lease or to purchase any interest in the Property which is granted to Lessee under or in connection with the Lease or the Replacement Lease.

16. Limitation on Liability. If TCAC agrees to be bound by the terms of the Lease, or in the event of any Transfer to a Transferee, then unless so ordered by a court or as agreed to by TCAC, any Transferee, and any secured creditors, neither TCAC nor Transferee shall have any obligation under the Lease or the Replacement Lease with respect to any liabilities, obligations, losses, damages, fines, penalties, claims, demands, suits, actions, causes of actions, charges, judgments, costs, and expenses (including architects' and attorneys' fees and court costs) arising out of or resulting from acts, omissions, circumstances or events occurring before or existing at the time of such Transfer or TCAC's agreement to be bound by the Lease or the Replacement Lease except for matters of record at the time of execution of this Lease Rider Agreement or any breach in existence at the time of acquisition of the Leasehold. Nothing in this Lease Rider Agreement or in the Lease or Replacement Lease shall impose on TCAC any liability to perform the obligations of Lessee under the Lease or Replacement Lease or require TCAC to assume the Lease or Replacement Lease unless and until TCAC acquires the Development pursuant to a court order or other agreement enforcing the Regulatory Agreement. After acquiring the Development in such a manner, TCAC shall be liable to perform Lessee's obligations only until TCAC assigns or transfers the Leasehold. TCAC shall not, however, be required to cure Lessee's defaults occurring before TCAC's acquisition of the Development in such a manner except that TCAC or the Transferee must cure any defaults in existence at the time of transfer within a reasonable period of time.

17. Conflict With Lease. This Lease Rider Agreement shall in no way subordinate the United States' (i.e., VA's) underlying fee interest in the Enhanced-Use Lease land and this



Lease Rider Agreement shall at all times be subject and subordinate to the Lease and VA's rights contained therein except to the extent expressly provided in this Lease Rider Agreement. In the event of any conflict or inconsistency between the terms of the Lease and the terms of this Lease Rider Agreement, except for any term expressly excluded or modified by Section 21, the terms of the Lease shall govern and control. Notwithstanding the foregoing, nothing contained herein shall affect the rights of Senior Lenders or the Tax Credit Partner, nor shall anything contained herein subordinate the lien of any Senior Lender to any rights of TCAC hereunder.

18. Regulatory Agreement Remedies. Nothing in this Lease Rider Agreement is intended to create enforcement rights under the Regulatory Agreement that do not otherwise exist in the Regulatory Agreement.

19. Enforcement. Lessor agrees, that during the term of the Regulatory Agreement, TCAC shall have standing to enforce and preserve TCAC's rights under the terms of this Lease Rider Agreement and the Regulatory Agreement.

20. Subordination. Notwithstanding anything to the contrary contained elsewhere herein, the parties hereto hereby agree that this Lease Rider Agreement (and all amendments, modifications and supplements hereto) is hereby irrevocably and unconditionally made subject and subordinate in all respects to (a) all existing and future deeds of trust and mortgages approved by TCAC now or hereafter encumbering all or any part of the Lessee's right, title and interest under the Lease (and to all amendments, modifications and supplements thereto), and (b) all rights granted to any holder of any such deed of trust or mortgage under any term or provision of the Lease. Each existing and future holder of any such deed of trust or mortgage (all of whom shall also constitute "Senior Lenders" for all purposes of this Lease Rider Agreement) is hereby made an express third-party beneficiary of the foregoing sentence. [Optional: TCAC hereby approves [insert references to existing or concurrently recorded deeds of trust and mortgages encumbering the leasehold].].

21. Additional Provisions. [intentionally left blank]

22. Acknowledgment. Lessor and Lessee acknowledge that TCAC is relying on the foregoing representations, warranties, covenants and agreements of the undersigned in allocating the allocation of low income housing tax credits to Lessee, and warrants and affirms to and for the benefit of TCAC that each of their respective representations set forth herein is true, correct and complete as of this date.

**TCAC:**

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE, a public agency of the State of California

BY: \_\_\_\_\_

Mark Stivers  
Executive Director

**LESSOR:**

**LESSEE:**

**EXHIBIT A**  
Legal Description

**AMENDMENT #1  
TO THE ENHANCED – USE LEASE**

**of Certain Real Property and Facilities  
at the VA Greater Los Angeles Healthcare System  
West LA Campus – Building 205  
Los Angeles, California**

**DATED:** June 2, 2020

**AMENDMENT #1 TO THE ENHANCED-USE LEASE  
of Certain Real Property and Facilities  
at the VA Greater Los Angeles Healthcare System  
West Los Angeles Campus  
Los Angeles, California**

**PREAMBLE**

**THIS AMENDMENT #1 TO THE ENHANCED-USE LEASE** (where this agreement shall be referred to individually herein as “Amendment #1,” and the existing Enhanced-Use Lease, dated December 2, 2019 shall be referred to as the “Lease”), is made and entered into this the 2<sup>nd</sup> day of June, 2020, by and between the Secretary of the Veterans Affairs, an officer of the United States of America on behalf of the U.S. Department of Veterans Affairs (hereinafter “Department” or “VA”), and Building 205 Holdings, LLC, a California limited liability company (hereinafter “Lessee”) for the portion of land described and defined in the Lease as the “Property.”

**RECITALS**

**A. WHEREAS**, the Department has jurisdiction and control of certain real property and facilities known as the VA Greater Los Angeles Healthcare System, West LA Campus, Los Angeles, California (hereinafter “VAMC”) that provides health care services to the nation’s Veterans. The VAMC property subject to the Lease is located at 11301 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles, California, and consists of Building 205 on approximately two (2) acres of land and improvements, as further described and depicted in Exhibits “A” and “B,” respectively; and

**B. WHEREAS**, 38 U.S.C. Section 8161, et seq., “Enhanced-Use Leases of Real Property”, as amended by the West Los Angeles Leasing Act of 2016, permits the Department to enter into long-term leases of certain property under its jurisdiction and control; and

**C. WHEREAS**, the Department, as Lessor, and Lessee have entered into that certain Lease as of December 2, 2019, pursuant to which Lessee will finance, design, develop, renovate, construct, operate, and maintain affordable residential housing consisting of not less than sixty-eight (68) units and associated vehicular parking spaces (collectively, the “Facility”), all for the purpose of providing supportive housing to eligible Veterans and their families; and

**NOW, THEREFORE**, in consideration of the foregoing and other good and valuable consideration, receipt of which is hereby acknowledged and accepted, the parties hereby agree to amend the Lease as follows:

**1. ARTICLE 5 – SUBJECT TO EXISTING AND FUTURE EASEMENTS AND RIGHT OF WAY**, paragraph E. of the Lease is hereby deleted in its entirety and replaced with the following:

“VA and Lessee agree that during the Term, Lessee, and any of its respective contractors, subcontractors, builders, sublessees, agents, employees, licensees, and invitees shall have a non-



exclusive access right of way on, over, across and through such paved roads, including, but not limited to “Bonsall Avenue” and “Patton Avenue” located within the VAMC, or as may be now or hereafter located on the VAMC for the purpose of providing Lessee, its successors and assigns, and its permittees with (i) vehicular and pedestrian ingress to, egress from, and access between the property and adjacent streets, roadways, and rights-of-way within the VAMC to a point of public access or a public street, and (ii) for passage, construction, installation, maintenance, repair, replacement, and use of utility lines, pipes, wires, conduits, flues, ducts, lines and other equipment, including without limitation, electricity, gas, water, communications, sewer, and storm drainage from the surrounding public thoroughfares to the property and to a point of public access or a public street, provided, the location of any such utility shall be subject to the approval of the Department, which approval shall not be unreasonably withheld, conditioned or delayed, as granted by the Department to Lessee, and its successors and assigns, for so long as this Lease is in force and effect. The foregoing right of way granted for access shall be included and made a part of Exhibit “A” Legal Description for the leasehold interest in the Real Property granted to Lessee hereunder. However, applicable Federal law shall govern all such uses, and Lessee shall be subject to VA security requirements and other operating procedures and restrictions, including without limitation, designated access road and parking space restrictions, as may change throughout the term of the Lease.”

**2. ARTICLE 6 – REPRESENTATIONS AND COMMITMENTS**, paragraph B.17 is hereby deleted in its entirety and replaced with the following: “Lessee will at its sole cost and expense, design, develop, construct, equip, and substantially complete the Facility within thirty-two (32) months after the Effective Date, in a good and workmanlike manner and pursuant to the development Plan referenced in Article 10.A and Article 22.A.3, subject to Force Majeure. Such date may be extended by mutual written agreement of the Lessee and DVR.”

**3. ARTICLE 12 – FUNDED MAINTENANCE ACCOUNT**, paragraph 12.D of the Lease is hereby deleted in its entirety and replaced with the following:

“D. **Prohibition on Using the Funded Maintenance Account for Collateral Purposes or to Limit Lessee Obligations.** Lessee shall use the funds in the Funded Maintenance Account as described in Article 12.B and for no other purpose, and agrees that it shall not pledge or use any monies therein as collateral, unless the Lessee notifies and obtains written approval from the DVR. In addition, the establishment of the Funded Maintenance Account or its use does not in any manner limit Lessee’s responsibilities under this Lease, and Lessee remains responsible for any costs in excess of the Funded Maintenance Account.”

**4. ARTICLE 18 – NOTICES** of the Lease is hereby deleted in its entirety and replaced with the following:

“A. All notices, or other correspondence required under or arising from the terms of this Lease from the Department to Lessee shall be served on or mailed to Lessee’s designated representative, who shall notify the DVR in writing of any change in Lessee’s designated representative, and/or the address or office to be notified. All notices or other correspondence required or arising from the terms of this Lease from Lessee to the Department shall be served on or mailed to the DVR

who shall notify Lessee's designated representative in writing of any change in the DVR, and/or the address or office to be notified.

B. All notices, reviews, approvals and other communications required or permitted under this Lease shall be in writing and will only be deemed properly given and received (1) when actually given and received, if delivered in person to a party who acknowledges receipt in writing; or (2) one (1) business day after deposit with a private courier or overnight delivery service, if such courier or service obtains a written acknowledgment of receipt; or (3) three (3) business days after deposit in the United States mails, certified or registered mail with return receipt requested and postage prepaid; it being understood and agreed that the period for any approval to be given hereunder shall run from the party's receipt of the documentation required for such approval as described herein with a formal written request for such approval shown thereon. The designated representatives shall be:

**Department:** Department of Veterans Affairs  
Office of Asset Enterprise Management (044)  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420  
Phone: (202) 632-7092  
Fax: (202) 273-5585  
Attn: DVR

**With copies to:** Department of Veterans Affairs  
West Los Angeles Medical Center  
11301 Wilshire Blvd.  
Los Angeles, CA 90073  
Phone: (310) 268-3132  
Attn: GLAHS Director

Department of Veterans Affairs  
Office of Asset Enterprise Management (044)  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420  
Phone: (202) 461-8153  
Fax: (202) 273-9374  
Attn: Post Transaction Team Leader

Department of Veterans Affairs  
Office of General Counsel (RPLG)  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420  
Phone: (202) 461-7612  
Fax: (202) 273-9384  
Attn: Chief Counsel (EU Leasing)

**Lessee:** Building 205 Holdings, LLC  
c/o Veterans Housing Partnership LLC  
660 S Figueroa St., Suite 1888  
Los Angeles, CA 90017  
Phone: (213) 797-4255  
Attn: Andy Meyers, Manager

**With Copies To:** Shangri-La Construction  
27762 Antonio Parkway, L1-543  
Ladera Ranch, CA 92694  
Phone: (949) 226-2858  
Fax: (213) 265-3030  
Attn: Andy Meyers, Manager

**And to:** Friendship for Affordable Housing, LLC  
5967 W. 3<sup>rd</sup> Street, Suite 102  
Los Angeles, CA 90036  
Attention: Avi Ryzman

**And to:** Hobson Bernardino + Davis LLP  
Citigroup Center  
444 S. Flower Street, Suite 3100  
Los Angeles, CA 90071  
Attn: Jason A. Hobson, Esq.  
Phone: (213) 235-9191  
Fax: (213) 235-9190

**And to:** City of Los Angeles Housing + Community Investment Department  
P.O. Box 53279  
Los Angeles, CA 90053-2729  
Attn: Portfolio Management Unit, HIMS# 18-124750

**And to:** U.S. Bank National Association  
633 West 5<sup>th</sup> Street  
Los Angeles, CA 90071  
Phone: (213) 615-6024  
Fax: (213) 615-6199

**And to:** Red Stone Tax-Exempt Funding LLC  
350 5th Avenue, Suite 4830  
New York, NY 10118  
Attn: Brian Renzi

**And to:** Sidley Austin LLP  
787 Seventh Avenue  
New York, NY 10019  
Attn: Adam S. Verstandig, Esq.

**And to:** Aegon LIHTC Fund 58, LLC  
c/o AEGON USA Realty Advisors, LLC  
6300 C Street SW, MS 3B-CR  
Cedar Rapids, IA 52499  
Attn: LIHTC Reporting

**And to:** Nixon Peabody LLP  
70 West Madison Street, Suite 3500  
Chicago, IL 60602  
Attn: Andrew H. Tripp  
Phone: (312) 977-4374  
Fax: (844) 565-3244"

**5. ARTICLE 22 - EVENTS OF DEFAULT BY LESSEE**, paragraph A.2 of the Lease is hereby deleted in its entirety and replaced with the following:

"Commencement of Construction has not begun within two hundred twenty (220) calendar days after the Effective Date. Such date may be extended by events of Force Majeure or by mutual written agreement of the Lessee and DVR."

**6. ARTICLE 22 - EVENTS OF DEFAULT BY LESSEE**, paragraph A.3 of the Lease is hereby deleted in its entirety and replaced with the following:

"The Facility and related Improvements are not substantially completed within thirty-two (32) months after the Effective Date, in a good and workmanlike manner and pursuant to the Development Plan referenced in Article 10.A. Such date may be extended by events of Force Majeure or by mutual written agreement of the Lessee and DVR."

**7. ARTICLE 22 - EVENTS OF DEFAULT BY LESSEE**, paragraph A.9 of the Lease is hereby deleted in its entirety and replaced with the following:

"Notwithstanding any provision to the contrary contained in this Lease, and any cure or other rights of the Lessee or Leasehold Mortgagees, the Lessee acknowledges and agrees this Lease is fully contingent upon the Lessee obtaining and closing the Initial Financing to finance the rehabilitation of the improvements of the Project within one hundred ninety (190) calendar days from Effective Date of the Lease. If the Initial Financing is not obtained and closed one hundred ninety (190) calendar days from the Effective Date of Lease (plus any additional time that VA may agree to in writing at its sole discretion), VA may, immediately terminate this Lease, by delivering to the Lessee, any Leasehold Mortgagees previously identified to VA in accordance with this Lease, with a written notice of VA's decision to immediately terminate the Lease. Upon VA's

issuance of such notice, this Lease shall immediately terminate, and VA and the Lessee shall have no further obligations or liabilities to any party under this Lease.”

**8. Exhibit “A”: Legal Description** of the Lease is hereby deleted in its entirety and replaced with EXHIBIT “A” of this Amendment #1.

**9. Exhibit “D”: Development Plan** of the Lease is hereby deleted in its entirety and replaced with EXHIBIT “D” of this Amendment #1.

**10. Exhibit “E”: Operations and Maintenance Plan** of the Lease is hereby deleted in its entirety and replaced with EXHIBIT “E” of this Amendment #1.

**11. Exhibit “G”: Memorandum of Lease** of the Lease is hereby deleted in its entirety and replaced with EXHIBIT “G” of this Amendment #1.

**12. Exhibit “H”: California Tax Credit Allocation Committee (CTCAC) – Lease Rider** of the Lease is hereby deleted in its entirety and replaced with EXHIBIT “H” of this Amendment #1.

**[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]**



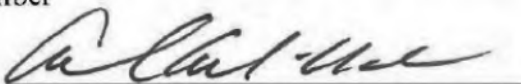
IN WITNESS WHEREOF, the parties have executed this Amendment #1 as of the day and year first written above.

**BUILDING 205 HOLDINGS, LLC**

**Enhanced-Use Lessee**

BUILDING 205 HOLDINGS, LLC, a California limited liability company

By: Veterans Housing Partnership, LLC, a California limited liability company, its Managing Member

By: 

Name: Andrew Meyers Abdul-Wakeel

Its: Manager

Communities For A Better Life, a California nonprofit public benefit corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS**

**Enhanced-Use Lessor**

By: Jon J. Rychalski 1367389 Digitally signed by Jon J. Rychalski  
1367389  
Date: 2020.06.02 15:13:00 -04'00'

Name: Jon J. Rychalski

Title: Assistant Secretary for Management and Chief Financial Officer

IN WITNESS WHEREOF, the parties have executed this Amendment #1 as of the day and year first written above.

**BUILDING 205 HOLDINGS, LLC**  
**Enhanced-Use Lessee**

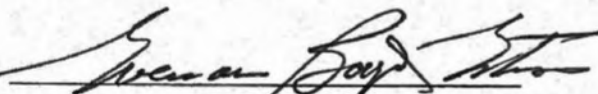
BUILDING 205 HOLDINGS, LLC, a California limited liability company  
By: Veterans Housing Partnership, LLC, a California limited liability company, its Managing Member

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Communities For A Better Life, a California nonprofit public benefit corporation

By: 

Name: Emerson Boyd Estess

Its: \_\_\_\_\_

**THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS**  
**Enhanced-Use Lessor**

By: \_\_\_\_\_

Name: Jon J. Rychalski

Title: Assistant Secretary for Management and Chief Financial Officer

# CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of San Bernardino }

On June 1, 2020 before me, Anna M. Taylor, Notary Public,  
(Here insert name and title of the officer)

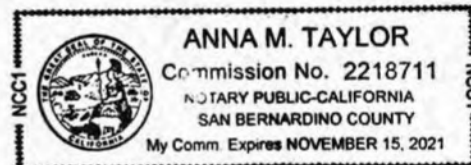
personally appeared Everson Boyd Esters,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose  
name(s) (s) are subscribed to the within instrument and acknowledged to me that  
he she/they executed the same in his her/their authorized capacity(ies), and that by  
his her/their signature(s) on the instrument the person(s), or the entity upon behalf of  
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that  
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Anna M. Taylor  
Notary Public Signature

(Notary Public Seal)



## ADDITIONAL OPTIONAL INFORMATION

### DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages \_\_\_\_\_ Document Date \_\_\_\_\_

### CAPACITY CLAIMED BY THE SIGNER

- ☒ Individual (s)  
☐ Corporate Officer

(Title)

- ☐ Partner(s)  
☐ Attorney-in-Fact  
☐ Trustee(s)  
☐ Other \_\_\_\_\_

## INSTRUCTIONS FOR COMPLETING THIS FORM

*This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.*

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they, is/are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
  - ◆ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
  - ◆ Indicate title or type of attached document, number of pages and date.
  - ◆ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

**EXHIBIT “A”: LEGAL DESCRIPTION  
(replaces Lease Exhibit “A”)**

## LEGAL DESCRIPTION

Real Property in the unincorporated area of the County of Los Angeles, State of California, described as follows:

PARCEL 1:

PARCEL 205 (WEST LA EUL BUILDING 205)

THOSE PORTIONS OF THE RANCHO SAN VICENTE Y SANTA MONICA SHOWN ON MAP RECORDED IN BOOK 3, PAGES 30 AND 31 OF PATENTS, TOGETHER WITH THOSE PORTIONS OF THE RANCHO SAN VICENTE Y SANTA MONICA KNOWN AS VILLA FARMS, SHOWN ON MAP RECORDED IN BOOK 70, PAGES 54 THROUGH 56, INCLUSIVE, OF MISCELLANEOUS RECORDS, AND TOGETHER WITH THOSE PORTIONS OF THE SANTA MONICA LAND AND WATER COMPANY TRACT, SHOWN ON MAP RECORDED IN BOOK 78, PAGES 44 THROUGH 49, INCLUSIVE, OF MISCELLANEOUS RECORDS, ALL IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ALL RECORDS OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHERLY TERMINUS OF THAT PARTICULAR COURSE WITH A BEARING AND DISTANCE OF "NORTH 35° 23'45" EAST 1,466.30 FEET", AS SHOWN ON THAT RECORD OF SURVEY FILED IN BOOK 282 PAGES 19 THROUGH 23 INCLUSIVE, OF RECORDS OF SURVEYS, IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG SAID COURSE NORTH 35° 23' 45" EAST 995.51 FEET; THENCE LEAVING SAID COURSE SOUTH 54° 36' 15" WEST 252.17 FEET; THENCE SOUTH 18° 08' 51" EAST 186.54 FEET; THENCE SOUTH 27° 41' 05" EAST 39.36 FEET; THENCE SOUTH 33° 51' 07" EAST 52.03 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 83.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 49° 05' 19" AN ARC LENGTH OF 71.11 FEET A TANGENT LINE; THENCE ALONG SAID TANGENT LINE SOUTH 15° 14' 12" WEST 100.47 FEET; THENCE SOUTH 18° 23' 00" WEST 49.02 FEET; THENCE SOUTH 22° 25' 59" WEST 27.04 FEET; THENCE SOUTH 38° 24'38" WEST 15.09 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 22.70 FEET; THENCE ALONG SAID CURVE SOUTHWESTERLY, WESTERLY, AND NORTHWESTERLY THROUGH A CENTRAL ANGLE OF 80° 01' 10" AN ARC LENGTH OF 31.70 FEET TO A POINT OF REVERSE CURVATURE WITH A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 1,150.85 FEET, A RADIAL BEARING OF SAID NON-TANGENT CURVE AT SAID POINT BEARS N31° 48' 07" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 7° 25' 49" AN ARC LENGTH OF 149.25 FEET TO A POINT HAVING A RADIAL BEARING OF SOUTH 24° 22' 18" WEST, THENCE CONTINUING ALONG SAID CURVE NORTHWESTERLY THROUGH A CENTRAL ANGLE OF 3° 48' 13" AN ARC LENGTH OF 76.40 FEET TO A POINT OF COMPOUND CURVATURE WITH A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 810.00 FEET, A RADIAL BEARING OF SAID CURVES AT SAID POINT BEARS SOUTH 20° 34' 05" WEST; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 3° 45' 05" AN ARC LENGTH OF 53.03 FEET TO THE TRUE POINT OF BEGINNING OF THE HEREIN DESCRIBED LEASE PARCEL, A RADIAL BEARING OF SAID CURVE AT SAID POINT BEARS NORTH 16° 49' 00" EAST; THENCE LEAVING SAID CURVE NORTH 11° 23' 31" WEST 20.45; THENCE NORTH 15° 47' 32" EAST 138.22 FEET; THENCE NORTH 38° 20' 11" WEST 133.24 FEET; NORTH 29° 03' 07" WEST 136.84 FEET; THENCE SOUTH 76° 16' 46" WEST 37.55 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 120.70 FEET; THENCE ALONG SAID CURVE SOUTHWESTERLY AND SOUTHERLY THROUGH A CENTRAL ANGLE OF 60° 17' 29" AN ARC LENGTH OF 120.70 FEET TO A TANGENT LINE; THENCE ALONG SAID TANGENT LINE SOUTH 15° 59' 17" WEST 209.30 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 36.73 FEET; THENCE ALONG SAID CURVE SOUTHWESTERLY, EASTERLY AND NORTHEASTERLY THROUGH A CENTRAL ANGLE OF 179° 50' 39" AN ARC LENGTH OF 115.28 FEET TO A POINT ON A NON-TANGENT LINE, A RADIAL BEARING OF SAID CURVE AT SAID POINT BEARING SOUTH 74° 02' 51" EAST; THENCE ALONG SAID NON-TANGENT LINE SOUTH 74° 28' 50" EAST 12.18 FEET TO A



POINT ON A NON-TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 24.60 FEET, A RADIAL POINT TO SAID CURVE AT SAID POINT BEARS NORTH 87° 09' 17" WEST; THENCE ALONG SAID CURVE SOUTHERLY, SOUTHEASTERLY, AND EASTERLY THROUGH A CENTRAL ANGLE OF 88° 39' 10" AN ARC LENGTH OF 38.06 FEET TO A TANGENT LINE; THENCE ALONG SAID TANGENT LINE SOUTH 85° 46' 33" EAST 8.78 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 960.04 FEET; THENCE ALONG SAID CURVE EASTERLY THROUGH A CENTRAL ANGLE OF 3° 14' 33" AN ARC LENGTH OF 54.33 FEET TO A TANGENT POINT OF COMPOUND CURVATURE WITH THE WESTERLY PROLONGATION OF THAT CERTAIN HEREIN DESCRIBED CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 810.00 FEET, SAID CURVE PASSING THROUGH SAID TRUE POINT OF BEGINNING; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9° 21' 00" AN ARC LENGTH OF 132.18 FEET TO SAID TRUE POINT OF BEGINNING.

PARCEL 2:

A NON-EXCLUSIVE ACCESS RIGHT OF WAY ON, OVER, ACROSS AND THROUGH SUCH PAVED ROADS, INCLUDING, BUT NOT LIMITED TO "BONSALL AVENUE" AND "PATTON AVENUE" LOCATED WITHIN THE VA GREATER LOS ANGELES HEALTHCARE SYSTEM, WEST LA CAMPUS, LOS ANGELES, CALIFORNIA ("VAMC"), OR AS MAY BE NOW OR HEREAFTER LOCATED ON THE VAMC, FOR THE PURPOSE OF PROVIDING THE "LESSEE" UNDER THE ENHANCED-USE LEASE DATED DECEMBER 2, 2019 (AS ASSIGNED AND/OR AMENDED FROM TIME TO TIME, INCLUDING BY AMENDMENT #1 TO THE ENHANCED-USE LEASE), ITS SUCCESSORS AND ASSIGNS, AND ITS PERMITTEES WITH (I) VEHICULAR AND PEDESTRIAN INGRESS TO, EGRESS FROM, AND ACCESS BETWEEN THE PROPERTY LEASED PURSUANT TO SAID ENHANCED-USE LEASE AND ADJACENT STREETS, ROADWAYS AND RIGHTS-OF-WAY WITHIN THE VAMC TO A POINT OF PUBLIC ACCESS OR A PUBLIC STREET, AND (II) FOR PASSAGE, CONSTRUCTION, INSTALLATION, MAINTENANCE, REPAIR, REPLACEMENT AND USE OF UTILITY LINES, PIPES, WIRES, CONDUITS, FLUES, DUCTS, LINES AND OTHER EQUIPMENT INCLUDING WITHOUT LIMITATION, ELECTRICITY, GAS, WATER, COMMUNICATIONS, SEWER AND STORM DRAINAGE FROM THE SURROUNDING PUBLIC THOROUGHFARES TO THE PROPERTY LEASED PURSUANT TO SAID ENHANCED-USE LEASE AND TO A POINT OF PUBLIC ACCESS OR A PUBLIC STREET.

APN: 4365-007-903 (Portion)

**EXHIBIT “B”: SITE PLAN**  
**(RESERVED – NO CHANGES TO ORIGINAL LEASE EXHIBIT)**

**EXHIBIT “C”: DESIGN PLAN  
(RESERVED – NO CHANGES TO ORIGINAL LEASE EXHIBIT)**

**EXHIBIT “D”: DEVELOPMENT PLAN  
(replaces Lease Exhibit “D”)**

# **Amendment #1 Exhibit D: Building 205 Development Plan**

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## Appendix:

- Attachment 1: Local Reviewing Agency Letter
- Attachment 2: Energy Crosswalk
- Attachment 3: Excel Pro Forma – Closing Assumptions



## **I. Project Overview**

Building 205 Preservation, LP is proposing to completely rehabilitate and transform Building 205 from an underutilized building into 68 units (including a manager's unit) of housing for chronically homeless, severely disabled, women, and aging Veterans. Building 205 consists of 53,047 square feet of gross building area and the current design includes 29,120 square feet of residential area which includes 32 studio units and 36 one-bedroom units. Most of the units will be located on the first and second floors with some additional units located in the basement floor. The basement floor will include common area amenities such as an activity room that can also serve as a counseling area, a community room, a kitchen, laundry room and a reading room. An effort was made to maximize the number of units however light and air issues limited the number of units that could be accommodated in the building.

### **Interior Improvements.**

The interior renovations for Building 205 will be substantial as almost all of the interior walls will be altered in keeping with historic guidelines. The only walls not being altered will be the weight bearing walls and columns. The alteration of almost all walls and interiors is necessary to properly mitigate the asbestos and lead that is pervasive throughout the building. The terrazzo tile at the base of the hallway corridors and hallway walls will be carefully maintained or restored where unable to be maintained. In addition to the environmental abatement, all of the structural members will be reinforced along with other structural improvements to make sure that the building can withstand any seismic activity. Abatement and structural improvements represent a large portion of the construction budget since this building is over 60 years old and does not meet current seismic building standards. The historically significant aspects of the interiors will be preserved including the stairways, the tile at the end of the hallways and the hallway widths throughout the building. Shangri-La Construction will work around these historically significant aspects and restore them per guidance from the historical consultant, and consistent with the Secretary of Interior's (SOI) Standards. The building currently has a steam heating system with a boiler in the basement and piping to the offices, hallways, and common areas. This steam system will be replaced with a central HVAC system with heat and air conditioning going to each of the units via vents in the ceilings. The HVAC system will be ductless since it is more cost effective. The plumbing systems and fixtures will all be demolished and new plumbing and fixtures installed throughout the entire building. The building's electrical system is in poor overall condition and will be completely replaced and upgraded to current code. The lighting fixtures will all be removed and a new LED lighting system will be installed throughout the entire building. The building has a fire sprinkler system that will be upgraded to current code. Other life and safety improvements will be made including upgrading and replacing the central fire alarm panel, audible alarms, hard-wired smoke detectors and strobes in common areas, exit signs and emergency back-up lighting. The central alarm system that monitors common area smoke detectors and pull alarms will also be replaced. The main mechanical systems such as plumbing, electricity and low voltage will be run in the walls and meet current code requirements. The building is equipped with one hydraulic type passenger elevator that dates back to the original construction of the building and it will be upgraded to current code and standards. The property is also subject to the requirements of Section 504 of the Rehabilitation Act which requires five percent of the units to be fully accessible. The common areas must also be accessible. Building 205 was constructed in 1947, before the enactment of the Fair Housing Guidelines. Although ADA upgrades have been installed over the years, there are still ADA issues that will be corrected throughout the building and at a minimum we will have 15 percent of the units to be accessible. The units will range in square feet up to 600 square feet with an average size of 428 square feet. The bathrooms will have tile showers with tile flooring and vinyl throughout all of the units. The kitchen cabinets will be wood with high quality tops and led lighting throughout the unit. All of the units will have energy

efficient appliances including an electric stove, a refrigerator and a microwave. In addition to appliances, all units will be fully furnished, including a bed, sofa, a small dining table, dresser and a wall mounted television. All of the furnishings will be refreshed periodically. Furthermore, all of the improvements will be done to meet a rating equivalent to LEED Silver as measured by the National Association of Home Builders green building rating system known as the National Green Building Standard. At the point of certification, Building 205 will be about 12% more efficient than the national average while achieving high performance in six key areas: site design, resource efficiency, energy efficiency, indoor environmental quality, and building operations & maintenance. The following are key achievements:

- In terms of resource efficiency, incorporating native adaptive plants as well as installing low flow plumbing fixtures will reduce the total amount of water consumed throughout the building's lifetime.
- Energy efficiency will be achieved by installing LED lights, central high efficiency water heaters, as well as VRFs.
- Using low VOC products as well as continuous ventilation for fresh air will assist in improving indoor air quality as well as reducing the amount of contaminants.
- Sustainable construction practices, such as recycling 75% of construction waste, will be accomplished.
- Occupants, as well as maintenance workers will be conscious of how green buildings operate and ways to maintain the spaces in which they live.

See Attachment 2 for additional information.

### **Exterior Improvements.**

The exterior renovations of Building 205 will be substantial including improvements to the courtyards, side yards and the parking areas. The roof is a historically significant aspect along with the windows and the color of the building. These features will be restored to their original look through repairs and restoration in accordance with SOI standards. The Spanish clay tile type roofing system is in good condition and does not need replacement. The roof drainage is gravity flow to gutters and is functioning well so the integrity of the roof will remain. The windows are among the most historically significant aspects. A window survey has been completed to determine which of the windows need substantial repairs. As part of the repair and restoration process, the windows will also be made energy efficient to help with the National Green Building Standard previously described. All of the walls will be newly painted and patched. A glass canopy will also be installed at the entrance of the building to match Building 209 and eventually Building 205, which will also have the same treatment. The ramps heading up to the entrances will be modified to make sure they are ADA compliant and do not exceed the two percent slope. Some of the grades need to be reduced to make sure wheelchairs can travel through. The concrete walkways throughout the courtyard are in good condition, but some areas that are cracked will be replaced. The landscaping consists of established turf, plants and trees, which are in fair overall condition but the landscaping will be changed to create more gathering areas and gazebos so the residents can congregate outside of the building as well. All new landscaping will have drought resistant planting with a preferred drip irrigation for water sprinkling. The goal is to make the court yards seamless and create a campus feel for the residents. The exterior improvements also include parking for up to 51 spaces, which will be allocated between two areas adjacent and in front of Building 205. One of the parking areas (Parking Lot A) is currently in existence, while the other (Parking Lot B), will be newly constructed, surfaced and striped.

### **Roles and Responsibilities of the Development Team.**

Building 205 Preservation LP is comprised of sub entities that include Friendship for Affordable Housing, Shangri-La Construction, LP and AW Investment Holdings. Shangri-La will serve as the general contractor and be responsible for all construction aspects. Construction is expected to last approximately 18 months, and Shangri-La will address all construction aspects up until the building is placed in service. In addition, the non-profit entity Step-Up On Second Street, Inc., will serve as the managing general partner, and as a result the property will receive a full property tax abatement. Veterans Housing Partnership, LLC ("VHP"), an entity comprised of Friendship Affordable Housing, LLC, Shangri-La Construction, LP and AW Investment Holdings, will provide all of the completion guarantees. VHP is coordinating all of the financing, including the loan commitment already received from the Proposition HHH Permanent Supportive Housing Loan Program (HHH) provided by the Los Angeles Housing Community Investment Department (HCID), the tax-exempt bonds, the low-income housing tax credits and the construction and permanent loan that will finance the development of Building 205. VHP is also coordinating with Los Angeles County (the "County"), the municipality that has agreed to and accepted the role of local approving agency. The County has already determined that the housing as proposed is consistent with the County Housing Element. As the approving agency, the County will review and approve all design plans and ultimately provide the building permit, the on-going inspections to close out the permits and ultimately the certificate of occupancy once construction is complete. VHP is also working with the architect on the design of the building and Shangri-La is identifying the major subcontractors who are working on the major systems including structural, mechanical, electricity and plumbing. Like with many substantial renovations, these major systems will be design build, and the architect is working directly with each of the subcontractors on these plans.

### **Ongoing Operations.**

Once completed Building 205 will be managed by Step up on Second Street, Inc ("Step Up"). The housing will be structured based on the latest homelessness prevention and urban planning concepts, consistent with best practices and evidence-based approaches under the Housing First model. Los Angeles has one of the largest homeless populations in the country and unfortunately many of the homeless are Veterans. As such the demand for units serving Veterans is extensive and we expect the building to be fully leased up on the first day of operation with very little vacancy going forward. Step Up, as the property management company will recruit, identify and qualify each resident. Life skills/activities staff (1 FTE) to be hired by the Lessee / property manager will be responsible for working with the HUD-VASH team to provide comprehensive ongoing services to help the residents address any disabilities or issues they are encountering. Building 205 already has allocated 67 VASH vouchers that will make sure the residents' rents are paid but along with these VASH vouchers comes a social services component that will be administered directly by VA or by a third-party to be competitively solicited by VA. In addition to the HUD-VASH staff, the property will have a security guard in the evenings to monitor the people entering and exiting the building, a property manager that will live on site, a repairs and maintenance person, and one life skills staff member. The repairs and maintenance personnel will handle most repairs but any of the more complicated or specialized jobs will be handled through outside contractors. As the general partners and development entities, VHP and Step will monitor the operations of the building and make sure it is compliant with all requirements from VA, investors and lenders.

### **Development Process Milestones.**

The development team has been working on various approvals and removing any potential development barriers since being awarded the EUL including being able to access HHH Funds and identifying the local review agency. Building 205 is on Federal Land and initially did not qualify for the HHH Funds. After extensive work with the City Attorney's Office, the City of Los



Angeles made the determination that Building 205 is eligible to receive HHH Funds. An application for HHH Funds was submitted in December 2017 and received an award of \$12 million that can be used for the development of Building 205. Receiving the HHH funds was critical to the financing plan as this fills any potential financing shortfall. The HHH Funds are the only discretionary financing since the tax-exempt bonds and low-income housing tax credits are by right for property that is rent restricted, and provides housing to homeless or formerly homeless Veterans. The other key approval was having the County of Los Angeles agree to serve as the local reviewing agency. Fortunately, the County has agreed to provide the necessary zoning letters and eventually the certificate of occupancy. As such Building 205 is being designed with the County requirements in mind. The County will serve as plan check approver, provide the permits and the ongoing inspections.

**Development Schedule.** The development has obtained all of the necessary sources of financing by receiving an allocation of low-income housing tax credits and tax-exempt bonds in April 2018. With the receipt of the tax credits and bonds the team is working with the lenders and investors to complete all of the underwriting. The underwriting and closing process will occur concurrently along with the completion of the construction drawings which is expected to be by June 2020. By mid-May, it is the expectation that the loan documents and partnership agreements will be complete along with the legal terms and exhibits. This timing will follow the December 1, 2019 execution of the EUL. As such, all of the financing will be available, and we will then proceed with construction commencement by July 1, 2020. The architect, Sejal Sonani, has been working on the design plans and expects to have them signed off by the County by mid-May 2020. The construction is expected to last approximately 24 months concluding around June 2022. The units will then be occupied by August 2022.

Due to the high demand for units we expect the building to be fully occupied on day one of occupancy opening. The property management team will work with the HUD-VASH Case Managers to begin the qualifying, screening and interviewing process by May 2022 to ensure sufficient qualified tenants immediately after occupancy. Post-occupancy, VHP will process the remaining low-income housing tax credit contributions so as to pay down the construction loan from the higher balance to the permanent loan amount. The milestones for these remaining tax credit payments are completing all of the construction, occupying the building at 90 percent for 90 days with a debt service coverage factor at a minimum of 1.15 percent. Given the high demand for Veteran serving homeless housing this should comfortably happen on schedule given the prequalification strategy that will be implemented by Step Up starting in November 2022. Below are summaries of the key activities and milestones.

#### **Timing of Financing Sources and EUL Execution**

(b) (4)

### Timing of Design and Construction Documents

Item	Completion Date
Identify Local Agency and reach service agreement	Complete
Schematic Design	Complete
Design Development Completion	Complete
Plan Check Submittal	Complete
Plan Check Approval	5/15/2020
Construction Documents Complete	6/25/2020
Pull Building Permit	6/30/2020

### Construction Milestones

Item	Completion Date
Notice to Proceed	5/20/2020
Construction Completion	6/30/2022

### Occupancy Milestones

Item	Completion Date
Identify potential residents	6/15/2022
Interview residents	8/15/2022 – 9/15/2022
Initial Occupancy of Units	8/15/2022
Full Occupancy	11/30/2022 or earlier

### Community Awareness and Outreach

With over 300 projects since 2008, Shangri-La has effectively engaged with a multitude of stakeholders to successfully complete projects. The development team along with Step Up have worked on obtaining local support and this was demonstrated during the HHH Fund allocation process. A number of supporters spoke fervently in support throughout the review process, which culminated in the City Council and Mayor's approval. The homelessness crisis is the biggest local issue in Los Angeles. Tod Lipka, the Executive Director of Step Up, and residents of Step-Up projects are often quoted on this subject in local publications and media. Going forward a member of the development team will participate in some level of the management of community relations including providing opportunities for Small/Local/Disadvantaged and Veterans businesses for procurement and job availability purposes and with public officials, and neighboring stakeholders, utilizing the plan as described below.

### Community Relations Plan (Community Awareness Plan)

**Overview:** This community relations plan ("Community Relations Plan") is designed to communicate and manage relations with two primary groups: the General Public and the Local Community. The subject matter of the Community Relations Plan should be concise and agreed upon by key Stakeholders (the Lessee, the VA, the Property Managers, Developer). The Community Relations Plan will be effective during the development and construction and continue through the Term of the EUL.

**Goals:** The community relations plan is designed to achieve three main goals

West LA Building 205

Amendment #1 Exhibit D: Development Plan



1. Create a means of communication between the General Public and Local Community on the one hand, and the Stakeholders on the other hand, that is (a) timely (b) informative and (c) accurate and (d) a means for the Public to be heard;
2. Establish an understanding with the Local Community and General Public that the purpose of the development of Building 205 and related activities is for a worthy ideal that benefits everyone (the General Public, Local Community, Stakeholders, and Tenants), more specifically:
  - i. As it relates to the Local Community, establish an understanding that there is minimal to no negative impact to them, and that as a matter of fact, the development of this housing is beneficial
    - a. Safety is priority – that adequate safety measures are in place
    - b. Financial interests are unaffected – that property values will not be negatively affected; and in fact, may go up with the improvements to the surrounding areas
  - ii. As it relates to the General Public, establish a clear understanding the public policy issue surrounding chronically homeless individuals affects all peoples, and cannot be ignored, and that further, the solutions promoted by the development of Building 205, endorsed by the Stakeholders, is an effective and meaningful way to address this public policy issue.
3. To generally promote transparency of the development of Building 205.

**Strategies:** The Lessee will employ the following strategies

1. Public forum meetings, including specific agenda and Q&A sessions, as needed (or on a regular basis as the case may warrant), with notice given in the form of publication of meeting dates and times in local newspapers:
  - i. Development and Construction Phase: Endeavor to update the General and Local Community upon key milestones or any construction impacts (if applicable), on a regular basis.
  - ii. During the Lease Term: on an as – needed basis.
2. Regularly published updates in local newspapers as to the status and purpose of the Project (for Local Community target audience);
3. Strategic articles, interviews and advertisements in wide reaching local publications

With the entire project team, Shangri-La will implement a comprehensive Communication Plan to inform public officials and the neighboring community well in advance of potentially impactful activities related to the project, if applicable. The plan will specifically target all parties in close proximity to the site. Communication strategies include:

- Traditional signage including flyers and job site banners.
- A project specific webpage including general project information, news, answers to frequently asked questions, and real-time information.
- Hard copy and digital newsletters.
- Social Media including a network of social channels such as Facebook, Twitter, YouTube, etc. to disseminate information and draw traffic to the main website.
- Traditional Media including local print media.
- Hotline that will be answered by field staff to address potential concerns.

The development team will coordinate all Community Relations activities with VA, the Developer, and Property Manager. The development team does not anticipate the need to hire qualified outside public relations professionals, but such services may be engaged if warranted.

### **Community and Contractor Outreach Plan**

As part of the development of Building 205, the development team plans on developing a strategy that encompasses goals specific to the utilization of local, small and disadvantaged contractors in the course of construction. In addition to these goals we also plan on hiring Veterans and/or firms owned by Veterans. The Community Outreach Plan is outlined as follows:

#### **Mission Statement**

The development team is committed to providing new and ongoing opportunities to Service-Disabled Veteran Owned Small Business (SDVOSB), Veteran Owned Small Businesses (VOSB), and Minority/Women/Other Small Business Enterprises. It is our goal to increase the participation of these entities in our construction projects by actively soliciting and utilizing their services. The development team believes that local small, disadvantaged, and/or Veteran owned business enterprise drive competitiveness, innovation, and strengthen the economy.

Prioritization of SDVOSB and VOSB: In consideration the Project's VA origins, and recognizing the increased political and economic importance of Los Angeles' Local Business Enterprise (LBE) program, and Small Business as a whole, SDVOSB and 8A Businesses, Shangri-La shall give priority to SDVOSB and VOSB, followed by LBE related subcontractors.

#### **Policy Objective**

To meet, or exceed the SDVOSB, VOSB, as well as local MBE, WBE, and Other Enterprises participation goals.

Policy: It is the intent of this policy to utilize qualified and certified SDVOSB, VOSB, Minority Business Enterprises (MBE), Woman-Owned Business Enterprises (WBE), and Other Business Enterprises (OBE) suppliers and subcontractors to the maximum extent practical and consistent with our client's requirements. The intent is to pass through to the Subcontractors equal responsibility to solicit and contract such business enterprises. Shangri-La will participate with its first-tier business subcontractors and vendors who have contracts in excess of \$25,000 to identify potential second tier and third tier SDVOSB, VOSB, MBE/WBE/OBE subcontractors.

Specific Policy Plan: Shangri-La will implement for the project, the following items to solicit SDVOSB, VOSB, and MBE/WBE/OBE firm's interest and ultimate team participation:

- Advertise – Inform local agencies of the opportunity to bid. Advertise in publications such as Dodge Construction News Greensheet, Small Business Exchange, Los Angeles Sentinel, Minority Bidders Bulletin, Challenge News, LA Opinion, Eastern Group Publication, etc. as warranted
- Inform – Develop Bidders list for specific trades. Identify available work areas for SDVOSB, VOSB, and MBE/WBE/OBE firms. Solicit invitations to firms by using available databases from such federal and local agencies (as an example only, Caltrans and LAMTA). Send bid opportunity notice to local chapters of various minority business organizations.
- Invite – We will send invitations to Bid (ITB) to all known and qualified SDVOSB, VOSB, and MBE/WBE/OBE firms in our subcontractor / supplier database located in the region of the project.
- Define – Shangri-La will specify areas of the project for review, and when appropriate, we will identify specific areas for consideration for breakout for SDVOSB, VOSB, and

MBE/WBE/Other Business Enterprises competition with the majority subcontractors to ensure “flow down”.

- Follow up – Telephone follow ups to seek and determine firms with a certainty to participate. Provide documents to firms that have accepted the invitation. Interested subcontractors and suppliers will be directed to contact Shangri-La for a Subcontractor Qualification Questionnaire.
- Second and Third Tier – Assist first tier subcontractors to identify second and third tier companies that can provide services and goods to them.
- Shangri-La will participate with our first-tier large business subcontractors and suppliers to identify potential SDVOSB, VOSB, and MBE/WBE/Other Business Enterprises.
- The percentages achieved in these categories by our large business via second and third tier sources shall be applied to our overall targeted percentages.
- Post Bid – Bids are thoroughly evaluated prior to award. As a part of that evaluation we will analyze the first-tier subcontractors’ commitment to qualified SDVOSB, VOSB, and MBE/WBE/OBE firms and their implementation plans.
- Shangri-La will utilize an Outreach Objective spreadsheet to monitor and track all outreach results.
- Shangri-La has already identified a Veteran-owned contractor who will serve as a subcontractor on many of the trades.

### **Community and Contractor Outreach Processes and Procedures.**

To further these policies and goals, Shangri-La has a full-time team dedicated to managing its Corporate Small/Local/disadvantaged (including VA SDVOSB/VOSB) Business Program. Shangri-La’s program is structured to provide maximum practicable opportunities to Small/Local/Disadvantaged subcontractors by following a structured procurement process that begins by focusing on Awareness, Communication, and Outreach.

Shangri-La begins by identifying and breaking down the various scopes and trades of the project where Small/Local/Disadvantaged subcontractors can be successful. Once scopes are identified, Shangri-La works on building potential subcontractor lists for outreach. Shangri-La will meet and work with the agency, Community Based Organizations (CBOs), Special Interest Groups (i.e. Black/Latino/Asian Chamber of Commerce), Veterans’ groups, and VA and use historical project data to create a list for Outreach. Shangri-La will advertise the opportunity via public print publications (i.e. newspapers, trade publications), and websites (i.e. Office of Contract Administration, corporate and project specific websites). Outreach and town hall type meetings are conducted to meet and greet Small/Local/Disadvantaged businesses and workforces. Shangri-La’s focus is to encourage Small/Local/Disadvantaged subcontractors to participate in the bidding of the upcoming contract opportunity. Shangri-La reinforces awareness with phone, email, and fax communications all the way through till final procurement.

When a Small/Local/Disadvantaged subcontractor is contracted, Shangri-La helps manage and support them through the entire project lifecycle to ensure that they are integrated into the overall team environment. A dedicated Small/Local/Disadvantaged business manager, responsible for assisting and guiding subs through the various phases of construction, is assigned to each project. From kick-off meetings to support for paperwork, billing, documentation, logistics, scheduling, logistics, coordination of trades, construction, conflict resolutions, and final close-out, Shangri-La is structured to help Small/Local/Disadvantaged subs achieve successful outcomes. In addition, regular meetings are held to discuss areas of success and improvement. The lessons learned through these meetings are then applied to Shangri-La’s overall corporate program.

Shangri-La's Corporate Small/Local/Disadvantaged Unit primary focus is to provide guidelines for existing and future projects as it relates to small/local/disadvantaged contracting for subcontractors, suppliers, vendors, and merchants. This group will be staffed by a Project Manager, whose job it is to deal with the daily interactions with the Small/Local/Disadvantaged business. The Manager has a thorough understanding of Shangri-La's construction principles, processes, and policies, and is the initial "go-to" person for small/local/disadvantaged subcontractors to contact for project related questions.

By investing into and developing a Corporate Small/Local/Disadvantaged Business unit, Shangri-La has created internal subject matter experts for small business support. This group is the central resource for policies, procedures, and most importantly, making opportunity connections among all Shangri-La projects. Creating a network and timely placing small/local/disadvantaged business concerns in touch with potential work is by far the greatest service Shangri-La can provide to the small/local/disadvantaged community associated with this development. More often than not, Small/Local/Disadvantaged Business opportunities are lost due to a lack of communication and information sharing within a project, as well as across different projects. Shangri-La's Corporate Small/Local/Disadvantaged Business unit is organized and structured to bridge those potential gaps so small business opportunities can be taken advantage of and not forgotten.

Small/Local/Disadvantaged Business is an agenda item in monthly team meetings. In these meetings, the Manager is given a platform to address the entire team on Small/Local/Disadvantaged issues, and to gather project related information to be shared with Small/Local/Disadvantaged businesses. Shangri-La commits the time to always address Small/Local/Disadvantaged related items. By following this regiment, Shangri-La is able to address issues and share information quickly.

Shangri-La's Corporate Small/Local/Disadvantaged Business unit provides "Small/Local/Disadvantaged Business Training" for internal employees. This curriculum is a part of corporate training and development program. All employees who wish to attain "middle management" positions (Project Managers and Superintendents), or above are required to complete career development courses designed to educate and broaden professional staff. Small Business Training encompasses the fundamentals by defining a Small/Local/Disadvantaged business and the importance of them to the overall US and Local economy, and in building a stable of solid sub-contractors. Next, strategies are discussed on how to recruit Small/Local/Disadvantaged businesses and discuss the various scopes typical on a construction project that are well suited for Small/Local/Disadvantaged business participation. This is a highly collaborative process.

The training also reviews internal corporate policies and procedures and adjustments made specifically with small business operations. For example, methods to assist with accounting (i.e. expedient payments, bonding, and insurance), project operations, administration, and overall communications are examined. The training curriculum also includes topics on Mentor-Protégé relationships, what they mean, their importance, and Shangri-La's development in these types of relationships. Trainings prepare project managers "How to Prepare a Small/Local/Disadvantaged Business Subcontracting Plan" to achieve and surpass goals on projects. In addition, and aside from Small/Local/Disadvantaged Business topics, training also covers the efforts needed to achieve Equal Employment Opportunities on a project, namely minority and female participation. This is an important initiative that is called out within our training. Trainings are formally held annually, but independent sessions are conducted as often as needed to educate remote project teams.



Financial funding is an enormous obstacle for many Small/Local/Disadvantaged Local Businesses. Many cannot wait the average 30 to 45-day project billing cycle. Shangri-La understands this and has stepped in on various occasions to provide financial assistance to Small/Local/Disadvantaged businesses. Shangri-La has implemented advance payment, as well as joint checks with some subcontractors to help them pay for their material and other incidental costs to perform work.

Shangri-La has established policies and winning strategies to award opportunities to Small/Local/Disadvantaged subcontractors on projects. Shangri-La's goal is to be an industry leader in Small/Local/Disadvantaged business participation.



## **II. Transaction Terms**

The development of Building 205 involves various sources of financing including tax exempt bonds, low income housing tax credits and local funds in the form of HHH Funds. The financing structure also contemplates generating acquisition credits through the leasehold interest. Below is a summary of the transaction:

### **Initial Lessee:**

Building 205 Holdings, LLC, a California limited liability company, the members of which are Veterans Housing Partnership, LLC ("VHP") and Communities for a Better Life ("CBL"), a California nonprofit public benefit corporation, will act as initial lessee under the EUL (collectively, the "Initial Lessee"). VHP is owned by Friendship for Affordable Housing, Shangri-La, and AW Investments. CBL is part of the Initial Lessee in order for Shangri-La to have less than a 50% capital and profits interest in Initial Lessee for purposes of the low-income housing tax credits under Section 42 of the Internal Revenue Code (as amended, the "Code"). See discussion below.

### **Lessee: Tax Credit Partnership**

Building 205 Preservation, LP, a California limited partnership, is a single-asset, single-purpose entity formed for the tax-exempt bond and tax credit financing (the "Tax Credit Partnership"). The Tax Credit Partnership will be the Assignee under the Enhanced Use Lease (the "EUL"). The general partners will be (i) Building 205 Preservation, LLC, a California limited partnership, a single-purpose entity owned by VHP, and Step-Up as the managing general partner. The general partners will own less than a 1% and a 0.01% partnership interest respectively and a tax credit syndicator will be admitted with a 98.99% limited partnership interest.

### **Other Transaction Parties**

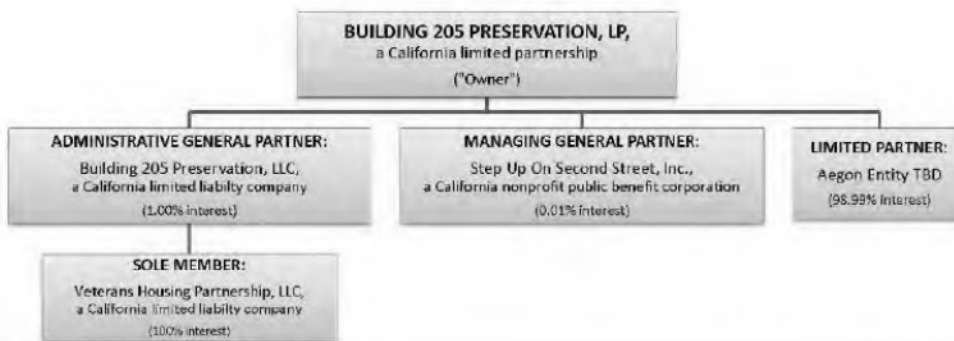
VHP will act as developer for the project, and will provide completion guarantees and stabilization guarantees. Step Up will act as property manager and likely the service provider.

Below is the contemplated organizational chart for the Initial Lessee and its assignee, the Tax Credit Partnership.

## INITIAL LESSEE



## TAX CREDIT PARTNERSHIP



### III. Project Financing

(b) (4)

(b) (4)

(b) (4)



(b) (4)

(b) (4)

#### IV. Construction Plan

The development team has been working in conjunction with the project architect to identify the most cost efficient and effective approach for reducing cost yet providing a high-quality building. The development team has determined that the following major systems/items will be design build: structural, mechanical, electrical and plumbing. The building will be designed to meet the local requirements of the County of Los Angeles as they are serving as the local reviewing entity. The development team is also working with the historical consultant on making sure the interior and exterior features are preserved and consistent with NHPA standards. Per the attached letter from the County of Los Angeles, the proposed development of 68 units of housing for homeless Veterans is consistent with the County's Housing element so no variances or restrictions are applicable to this site. Building 205 will meet the County's development requirements including parking and accessibility requirements. The tenant populations are not likely to have cars as they were previously homeless so even with the necessary on-site staff, we expect minimal traffic to result from these additional residents. As described previously the landscaping in the courtyards will be drought resistant. The courtyards will be redesigned to create a campus feeling for the residents so they can relax outside.

#### Utilities Plan

The utilities plan for this project is as follows. The Lessee will incur all of the cost of accessing these services and maintaining the connections to these services:

Table 1: Utilities

Utility	Provider	Connection Details
Potable Water	Los Angeles Department of Water and Power	<ul style="list-style-type: none"><li>• Lessee will establish connections from Lessee property to the existing water main.</li><li>• Lessee will install sub-meter(s) in the water line(s) serving its residential facilities.</li></ul>
Sanitary Sewer	Los Angeles Department of Water and Power	<ul style="list-style-type: none"><li>• Lessee will replace laterals to tap into the main sewer line near each of the buildings and will arrange a direct payment rate with the LADWP so that it is billed for and pays directly for sewer service for its residential community.</li></ul>
Electricity	Southern California Edison (SCE)	<ul style="list-style-type: none"><li>• Building 205 will connect directly to a SCE power source along Bonsall.</li><li>• The availability of electrical power is expected to coincide with the completion of Building 205.</li></ul>

Utility	Provider	Connection Details
Natural Gas	Southern California Gas	<ul style="list-style-type: none"> <li>• Lessee will provide connection to new gas service along Bonsall.</li> </ul>
Stormwater		<ul style="list-style-type: none"> <li>• The landscaping plan is being designed to absorb all of the storm water. Based on the result of a soils test, a swell might be placed in the courtyard as part of the landscaping plan to capture all of the storm water on site. The design is pending the percolation test results.</li> </ul>
Telecommunications, Cable & Low Voltage Systems	Spectrum	<ul style="list-style-type: none"> <li>• Lessee will arrange for the direct provision of and billing for cable and phone service from Spectrum for its residential development and associated cable and phone needs.</li> </ul>

### Conceptual Drawings and Site Plan.

The architect has been working on the conceptual drawing per the descriptions above. See Exhibit C of the EUL for the site plan and design plans respectively.

## V. Project Operations & Tenant Selection

### Overview.

- A. Project Development Operations. Lessee will be the primary contact for all Operations, and shall provide general contracting services, and shall engage key team members for the development and financing aspects of the Project (previously defined as the Developer) as well as a Property Manager, and Supportive Services provider (previously defined as Step Up).
- B. Property Management Operations. All properties will be managed by a qualified property management company, currently identified as Step Up. Step Up will hire and train property management teams. Over the past 30 years, Step Up has developed training procedures and curriculum that address the scope of skills and sensitivities required to work with populations that are experiencing homelessness and mental health issues, including issues unique to Veteran populations. The main administrative headquarters for Step Up is located in Santa Monica, California at 1328 Second Street Santa Monica, CA 90401. Program support services office are located in Santa Monica, Hollywood, Beverly Hills, San Bernardino County, Orange County, and will soon open in Riverside County. Additional information at [www.stepuponsecond.org](http://www.stepuponsecond.org).

### C. Tenant Selection/Affirmative Marketing Plan.

See Exhibit F Tenant Selection Plan

### D. Property and Asset Protection:

Bills will be paid and accounts will be funded pursuant to the requirements of the project's Regulatory Agreement(s) and Extended Use Agreement. Specifically:

A purchase order system will be utilized by the Property Manager to document all project expenses with the exception of items and services provided on a regular contractual basis.

Lessee shall maintain the following separate accounts:

1. General Operating Account: The Agent shall maintain an Operating Account for rent collection and payment of the project's operating expenses.
2. Replacement Reserves/Capital Fund account: This account will be funded annually per the regulatory agreement/extended use agreement from the Operating Budget. The initial contribution to this Account will be determined by the Lessee. The amount of funds will be based on a capital improvement schedule of anticipated useful life and replacement needs for major items. An annual deposit of \$300 per unit per year escalating at 3 percent will be made as part of the proforma.

Replacement Reserve Funds may not be withdrawn without proper approvals.

3. Trust Account: A Trust Account shall be maintained for the resident's security deposits. All deposits shall be refunded upon termination of residency and refunded within 21 days. In the event that the resident has not met all of the refund requirements, a summary of charges will be sent to the residents within the 21 days.

#### E. On Site Staff Plan

Resident Manager: The RM is responsible for the onsite operation of the property and is directly responsible to the Property Manager who is responsible for the housing department's operations. The RM will live onsite and will not pay rent for the apartment that is conditional to employment and made available to perform the RM duties

The RM is scheduled to work eight (8) hours per day, from Monday through Friday. The RM will be responsible for all after hour calls and emergencies and must respond within 24 hours. The RM will keep adequate time records to ensure honoring labor laws. The RM will work in conjunction with the Project's onsite Life Skills/Activities Staff (1FTE) and the tenants' individual HUD-VASH Case Managers (CM) to ensure open lines of communication between all parties. Essential duties are outlined in the job description approved by Lessee.

In addition to the VASH Social Services Staff, an auxiliary life skills/activities services coordinator will be onsite full-time and paid through the operating budget.

#### F. Services Plan (see Amendment Exhibit E Operations & Maintenance Plan)

### **Performance Objectives.**

- A. Project Development and Construction. The following key performance objectives shall guide the Project Development activities:
  - (1) Provide above standard quality living quarters that are compliant with current code and consistent with current living trends in terms of wellness, and sustainability;
  - (2) Cost effective approach that can be duplicated for the purpose of scalability of permanent supportive housing models for the VA and similar stakeholders;
  - (3) High safety standards for construction and public use.

Full Time Employees - Construction. Building 205 is expected to have dedicated full time construction staff members (superintendent, project manager, and assistant project manager) to handle construction.

Full Time Employees - Development. Building 205 is expected to have dedicated full time Development staff members (development manager) to handle all development aspects. Additionally, Shangri-La shall supplement the Project with qualified support staff as needed as part of the over-all corporate structure.

B. Property Management and Supportive Services. The following key performance objectives shall guide the Property Management and Supportive Services:

- (1) Place Veterans in stable housing;
- (2) Retain Veterans in housing;
- (3) Provide stability and self-efficacy;
- (4) Access all benefits that are available to participating Veterans;
- (5) Develop and strengthen life skills.

Full Time Employees. Building 205 is expected to have staff (as detailed elsewhere in this Development Plan and Amendment Exhibit E Operations & Maintenance Plan) to handle property management issues as well as be the lead liaison for supportive services

<b>Attachment 1:</b>	<b>Local Reviewing Agency Letter</b>
<b>Attachment 2:</b>	<b>Energy Crosswalk</b>
<b>Attachment 3:</b>	<b>Excel Pro Forma – Closing Assumptions</b>



## VA WEST LA CAMPUS BUILDINGS 205 & 208

### Comparison of LEED v4 Multifamily Low rise for Building Design and Construction to National Green Building Standard for New Construction (Multifamily) 2015

#### LEED Certification

Certified: 40 to 49 points

**Silver: 50 to 59 points**

Gold: 60 to 79 points

Platinum: 80 to 110 points

#### National Green Building Standard

Bronze: 231-333 total points

Silver: 334-488 total points

Gold: 489-610 total points

Emerald: 611+ total points

\*Projects must meet the minimum point threshold levels in every chapter to attain overall certification

\*points for each measure located in brackets [ ]\*

LEED v4 (Homes & Multifamily Lowrise)			National Green Building Standard
	Integrative Process	2	-502.1: Project Team, Mission Statement, & Goals [4]
Location and Transportation			
	Floodplain Avoidance	Required	Buildings are located on a hillside and floodplain is not a concern. Per AL-COO
	LEED for Neighborhood Development Location	15	
	Site Selection	8	-501.1(1): infill lot selected [10]
	Compact Development	3	-505.3(4): Density [7] INN -601.6(1): stacked stories [4]
	Community Resources	2	
	Access to Transit	2	
Sustainable Sites			
	Construction Activity Pollution Prevention:  "Create and implement an erosion and sedimentation control plan for all construction activities associated with the project. The plan must conform to the erosion and sedimentation requirements of the 2012 U.S. Environmental Protection Agency (EPA) Construction General Permit (CGP) or local equivalent, whichever is more stringent. Projects must apply the CGP regardless of size. The plan must describe the measures implemented."	Required	-503.4(1): site assessment on soils to maintain site hydrology [7] -503.4(2): hydrologic analysis [10] → maybe -504.3(1): erosion & sediment controls [5] -504.3(2): clearing & grading limits identified [5] -504.3(9): Inspection reports of BMPs available [3] -504.3(3): "No disturbance zones" [5] -504.3(4): topsoil stockpiled for later use [5] -504.3(5): reduction of soil compaction [4]
	No Invasive Plants	Required	-503.5(2): non-invasive vegetation [7]
	Heat Island Reduction	2	-503.4(4)(b): permeable materials used 25-50% [8]
	Rainwater Management	3	-503.4(1): site assessment on soils to maintain site hydrology [7] -503.4(3)(a): Low Impact Development/Green Infrastructure [5] -602.4.1: finished grade sloped away at >2% [mandatory] -602.1.3.1: exterior drain tile [mandatory] -602.1.10(a): install a porch roof awning [2]

	Non-Toxic Pest Control	2	
<b>Water Efficiency</b>			
	<p>Building-Level Water Metering</p> <p>"Install permanent water meters that measure the total potable water use for the building and associated grounds. Meter data must be compiled into monthly and annual summaries; meter readings can be manual or automated. Commit to sharing with USGBC the resulting whole project water usage data for a five year period beginning on the date the project accepts LEED certification or typical occupancy, whichever comes first. This commitment must carry forward for five years or until the building changes ownership or lessee."</p>	<b>Required</b>	We will be doing separate metering for landscape and main building domestic use.
	Total Water Use	12	
	Indoor Water Use Reduction	6	<p>-801.2(2): washing machine [13]  -801.3(1): 1.6 - 2.5gpm [5]  -801.3(2)(b): shower compartments in accordance 1.9 – 2.0 gpm [10]  -801.4.1(1): all bathroom faucets are compliant [3]  -801.4.1(2): all lavatory faucets in dwelling units [6]  -801.5(2): &lt;1.28gpf [6]  -801.5(3): all water closets meet 801.5(2) [5]  -801.5(4)(b): urinals &lt;0.5gpf [1]</p>
	Outdoor Water Use Reduction	4	<p>-801.6.1: sprinkler nozzles max precipitation rate of 1.20 inch/hr [6]  -801.6.2(1): drip irrigation installed [4]  -801.6.4(2): EPA WaterSense Irrigation Controllers [10]  -801.6.5: irrigation zones utilize pressure regulation [3]  -504.3(7) soil improved with mulch [3]  -503.5(5)(b): percentage of turf area [4]  -503.5(6): hydrozoning [5]  -801.6.3: irrigation plan and implementation [mandatory]  -801.6.5: irrigation zones utilize pressure regulation [3]</p>
<b>Energy and Atmosphere</b>			
	<p>Minimum Energy Performance</p> <p><u>Option 1. Whole Building Energy Simulation</u>  Demonstrate an improvement of 5% for new construction, 3% for major renovations, or 2% for core and shell projects in the proposed building performance rating compared with the baseline building performance rating. Calculate the baseline building performance according to ANSI/ASHRAE/IESNA Standard 90.1–2010, Appendix G, with errata (or a USGBC-approved equivalent standard for projects outside the U.S.), using a simulation model. Projects must meet the minimum percentage savings before taking credit for renewable energy systems. The proposed design must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• compliance with the mandatory provisions of ANSI/ASHRAE/IESNA Standard 90.1–2010, with errata (or a USGBC-approved equivalent standard for projects outside the U.S.);</li> <li>• inclusion of all energy consumption and costs within and associated with the building project; and</li> <li>• comparison against a baseline building that complies with Standard 90.1–2010, Appendix G, with errata (or a USGBC-approved equivalent standard for projects outside the U.S.)</li> </ul> <p>Document the energy modeling input assumptions for unregulated loads. Unregulated loads should be modeled accurately to reflect the actual expected energy consumption</p>	<b>Required</b>	<p>-702.2.1: ICC IECC analysis [mandatory]  -702.2.2: Energy Performance Analysis [30pts + (% above ICC IECC 2015) * 2]</p>

	<p>of the building. If unregulated loads are not identical for both the baseline and the proposed building performance rating, and the simulation program cannot accurately model the savings, follow the exceptional calculation method (ANSI/ASHRAE/IESNA Standard 90.1–2010, G2.5). Alternatively, use the COMNET Modeling Guidelines and Procedures to document measures that reduce unregulated loads.</p> <p>OR</p> <p><u>Option2. Prescriptive Compliance: ASHRAE 50% Advanced Energy Design Guide</u>  Comply with the mandatory and prescriptive provisions of ANSI/ASHRAE/IESNA Standard 90.1–2010, with errata (or a USGBC-approved equivalent standard for projects outside the U.S.).Comply with the HVAC and service water heating requirements, including equipment efficiency, economizers, ventilation, and ducts and dampers, in Chapter 4, Design Strategies and Recommendations by Climate Zone, for the appropriate ASHRAE 50% Advanced Energy Design Guide and climate zone:</p> <ul style="list-style-type: none"> <li>• ASHRAE 50% Advanced Energy Design Guide for Small to Medium Office Buildings, for office buildings smaller than 100,000 square feet (9 290 square meters);</li> <li>• ASHRAE 50% Advanced Energy Design Guide for Medium to Large Box Retail Buildings, for retail buildings with 20,000 to 100,000 square feet (1 860 to 9 290 square meters);</li> <li>• ASHRAE 50% Advanced Energy Design Guide for K–12 School Buildings; or</li> <li>• ASHRAE 50% Advanced Energy Design Guide for Large Hospitals, for hospitals over 100,000 square feet (9 290 square meters).</li> </ul> <p>For projects outside the U.S., consult ASHRAE/ASHRAE/IESNA Standard 90.1-2010, Appendixes B and D, to determine the appropriate climate zone.</p> <p><u>OPTION 3. Prescriptive Compliance: Advanced Buildings™ Core Performance™ Guide</u>  Comply with the mandatory and prescriptive provisions of ANSI/ASHRAE/IESNA Standard 90.1-2010, with errata (or USGBC approved equivalent standard for projects outside the U.S.). Comply with Section 1: Design Process Strategies, Section 2: Core Performance Requirements, and the following three strategies from Section 3: Enhanced Performance Strategies, as applicable. Where standards conflict, follow the more stringent of the two. For projects outside the U.S., consult ANSI/ASHRAE/IESNA Standard 90.1-2010, Appendixes B and D, to determine the appropriate climate zone.</p> <p>3.5 Supply Air Temperature Reset (VAV)  3.9 Premium Economizer Performance  3.10 Variable Speed Control  To be eligible for Option 3, the project must be less than 100,000 square feet (9 290 square meters).</p>		
Energy Metering		<b>Required</b>	Every building will have its own separate electric and water meter account. Per AL- COQ
Education of the Homeowner, Tenant or Building Manager		<b>Required</b>	-1002.1: building construction manual [2] -1002.2: operations manual [3] -1002.3: maintenance manual [4] -1003.1: Public education [1]
Annual Energy Use		29	
Efficient Hot Water Distribution System		2-5	-705.6.3: insulating hot water pipes [1] -705.6.4.2: potable hot water demand re-circulation system [2]
Advanced Utility Tracking		2	
Active Solar Ready Design		1	
HVAC Start-up Credentialing		1	-705.6.2.3(2): duct leakage in accordance with IECC R403.3.3 and R403.3.4, testing conducted by third party [5]

			-701.4.1.1: HVAC system sizing [mandatory]
	Home Size	Required	-601.1(1): Conditioned floor area [14]
	Building Orientation for Passive Solar	3	
	Air Infiltration	2	-701.4.3.4: Fenestration air leakage [mandatory] -701.4.2.1: Duct Systems insulation [mandatory]
	Envelope Insulation	2	-701.4.3.1: Building Thermal Envelope Air Sealing [mandatory] -701.4.3.2: air sealing and insulation [mandatory] -701.4.3.2.1: Grade I insulation installation [mandatory] -705.6.1: third-party on-site verification of compliance for insulation installation and completion of building [3] -901.11: insulation [4] -602.1.7.1(2): insulation in cavities is dry [mandatory; 2]
	Windows	3	
	Space Heating and Cooling Equipment	4	
	Heating & Cooling Distribution Systems	3	
	Efficient Domestic Hot Water Equipment	3	
	Lighting	2	-701.4.3.5: Recessed Lighting [mandatory] -701.4.4: High-efficacy lighting [mandatory] -705.2.1.2: exterior lighting [1] -705.2.1.1(2): Interior Lighting [2] -705.2.1.3(1)(b): occupancy sensors [2] -705.2.1.3(2)(b): light level reduction [3]
	High-Efficiency Appliances	2	
	Renewable Energy	3	
<b>Materials and Resources</b>			
	Certified Tropical Wood	Required	Extremely rare for LEED projects. Most of the walls will be sheet rock and metal in between. Certified Tropical wood is not part of the design. Per AL-COO
	Durability Management	Required	-901.1.3(2)(b): direct vent water heaters installed within conditioned space [5] -902.1.1(1): bathrooms vented to outdoors [mandatory] -902.1.1(2): clothes dryers vented to outdoors [mandatory] -602.1.11: tile backing materials [mandatory] -901.1.1: natural draft furnaces, boilers, water heaters not located in conditioned spaces [5] -901.6: carpets [mandatory] -602.1.14(2): no roof configurations that create horizontal alleys in roof design [2] -602.1.14(3): no recessed windows & architectural features that trap water on horizontal surfaces [2] -605.2: On-site Recycling -607.1(1): Built in recycling containers [3] -602.1.7.1(3): moisture content does not exceed 19% [4]

			-602.1.7.2: moisture content of subfloor, substrate, concrete slabs in accordance with industry standards [2] -602.1.9(1): flashing [mandatory] -602.1.9(2): all window & door head and jab flashing [2] -602.1.9(6): through-wall flashing installed between wall cladding materials or wall construction types [2] -602.1.7.1(1): materials with visible mold not installed [2]
	Durability Management Verification	1	
	Environmentally Preferable Products	4	
	Construction Waste Management	3	-605.1: Construction Waste Management Plan [6] -605.3 Recycled Construction Materials [6]
	Material Efficient Framing	2	-601.9: above grade wall systems [4] -603.1 Reuse of existing building [12max]
<b>Indoor Environmental Quality</b>			
	Ventilation	Required	-902.2.1(1): whole building ventilation system [3] -902.1.1(1): bathrooms vented to outdoors [mandatory] -902.1.1(2): clothes dryers vented to outdoors [mandatory] -705.4: return ducts and transfer grilles [2]
	Combustion Venting	Required	-901.12: CO alarms [mandatory]
	Garage Pollutant Protection	Required	-901.3(a): doors tightly sealed and gasketed [2] -901.3(b): continuous air barrier provided [2]
	Radon-Resistant Construction	Required	-602.1.1.1: capillary break [mandatory] -904.1 Indoor Air Quality During construction [2]
	Air Filtering	Required	-902.2.3: MERV 8-13 [2]
	Environmental Tobacco Smoke Control	Required	-901.14(1): interior common designated as non-smoking with signage [1] -901.14(2): exterior areas no smoking [1]
	Compartmentalization	Required	-902.6: living space contaminants [mandatory]
	Enhanced ventilation	3	-902.1.2(1): bathroom/laundry exhaust fan equipped with humidistat [5] -902.1.4(1): exhaust fans ENERGY STAR [2]
	Contaminant Control	2	
	Balancing of Heating and Cooling Distribution Systems	3	-705.6.2.3(2): duct leakage in accordance with IECC R403.3.3 and R403.3.4, testing conducted by third party [5] -705.6.2.2 HVAC airflow testing [5] (maybe point) -902.4(1)-(2): HVAC system protection [3]
	Enhanced Compartmentalization	1	
	Enhanced Combustion Venting	2	-901.2.2: fireplaces, woodstoves, pellet stoves, or masonry heaters not installed [6]
	Enhanced Garage Pollutant Protection	2	



	Low-Emitting Products	3	-901.5(2): Cabinets [3] -901.7: Floor Materials [8] -901.8: Wall Coverings [4] -901.9.1(2)-(3): Site-applied interior architectural coatings [5] -901.9.2: Architectural coating colorant additive [1] -901.10(3): interior adhesives and sealants [5]
<b>Innovation</b>			
	Innovation	5 Pts vary by chapter	*innovative practice credits are marked with 'INN'
	LEED Accredited Professional	1	
<b>Regional Priority</b>			
	Regional Priority: Specific Credit	1	
	Regional Priority: Specific Credit	1	
	Regional Priority: Specific Credit	1	
	Regional Priority: Specific Credit	1	

Development Overview Page 1 of 2

Property Name	Building 205	Credit Type	4%
Property Partnership	Building 205 Preservation, LP	Partnership Structure	Single Tier
Address	[Address]	DDA or QCT Area Multiplier	No
City, State	Unincorporated LA County	Credit Price -LIHTC	(b) (4)
County	Los Angeles	Federal LIHTCs	10,029,079
MSA	Los Angeles-Long Beach-Orange County	Federal Historic Tax Credits	5,006,454
Tenant Type	Veterans	State Historic Tax Credits	0
Number of Buildings	1	Total Development Cost	42,694,436
Site Acreage	0.00	Anticipated Closing	June, 2020
Current Occupancy	N/A	Construction Dates (Estimated)	
Tax Abatement	Yes	Commencement	June, 2020
Development Type	Adaptive Reuse	Completion	December, 2021

Unit Configuration

	Units	Type	Sq. Ft.
	32	Single	300
	36	1 BR	500
Total Number of Units	68		
Total LIHTC Units	67		

Unit AMI Summary

27 units (40.3%) of the total units at 50% or less of AMI
40 units (59.7%) of the total units at 60% or less of AMI

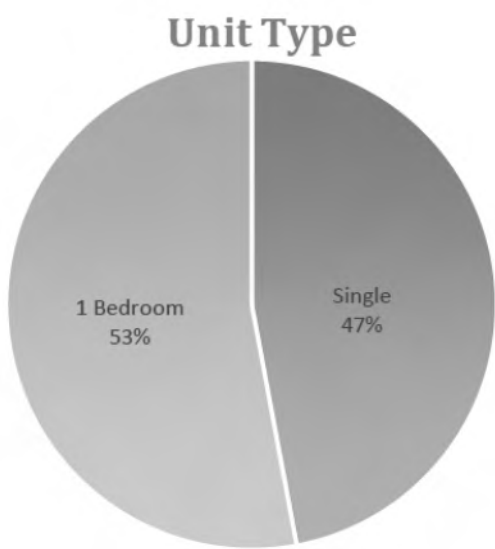
(b) (4)

(b) (4)

# Revenue Sources

Affordable Units

(b) (4)



Year-1 Stabilized Proforma

(b) (4)



Development Budget

(b) (4)

(b) (4)

(b) (4)

(b) (4)

(b) (4)



(b) (4)

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(b) (4)

## Lease-Up & LIHTC Delivery Schedule

(b) (4)



COUNTY OF LOS ANGELES  
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET  
LOS ANGELES, CALIFORNIA 90012-2713

MARY C. WICKHAM  
County Counsel

March 8, 2018

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FACSIMILE  
(213) 613-4751  
TDD  
(213) 633-0901

California Tax Credit Allocation Committee  
915 Capitol Mall, Room 485  
Sacramento, California 95814

Project Name: VA Buildings 205 and 208-Housing  
Project Address: 11301 Wilshire Boulevard  
Los Angeles, California 90037  
Project City: Los Angeles  
Project County: Los Angeles  
Housing Type: Studios/One-Bedroom Apartments  
Proposed Number of Units: 58 Studios/64 One-Bedrooms  
Assessor Parcel Number(s): 4365-007-903

Dear Sir or Madam:

The parcels upon which the above-described low-income projects will be developed are located on federally-owned property in unincorporated Los Angeles County ("County"). While the relevant parcels are zoned open space by the County, the County's zoning regulations are not applicable and local land use approval is not required. However, the projects, as proposed, are consistent with the County's Housing Element, a component of the County General Plan. More specifically, the projects are consistent with numerous goals and policies of the Housing Element, including the following goals: (1) provide a wide range of housing types to meet the needs of residents, including the homeless and at-risk homeless; (2) provide a housing supply that ranges broadly in costs to enable all to secure adequate housing; (3) provide a housing delivery system that provides assistance to low income households and those with special needs; and, (4) provide affordable housing maintenance for its long term availability to low income households and those with special needs.

Among the County's Housing Element policies with which the projects comply are the following: (1) mitigate impacts of governmental regulations that constrain the provision and preservation of affordable housing; (2) support



March 8, 2018

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development of affordable housing near employment opportunities; (3) promote diversity of housing types to increase housing choices; (4) provide supportive services to low income households and those with special needs to attain and maintain affordable and adequate housing; and (5) support the distribution of affordable housing and transitional housing in geographically diverse locations throughout the unincorporated areas, where appropriate support services and facilities are available and in close proximity. As such, the projects are consistent with the County General Plan.

Very truly yours,

MARY C. WICKHAM  
County Counsel

By

(b) (6)  
ELAINE M. LEMKE  
Assistant County Counsel  
Property Division

EML:vn

**EXHIBIT “E”: OPERATIONS AND MAINTENANCE PLAN  
(replaces Lease Exhibit “E”)**

**West LA Campus – Building 205**  
**Amendment #1 Exhibit E: Operations & Maintenance (O&M) Plan**

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## **O&M Plan Goals & Objectives**

The overall operating procedures, property management policies, and organizational processes and systems for Building 205 are highlighted in this O&M Plan. The primary goal of the plan is to provide the level of service that will ensure resident support and satisfaction and a quality independent living community for the homeless and at-risk Veteran population that the project will serve.

The Lessee assumes overall responsibility for coordinating the maintenance and operations of this project throughout the duration of the lease term.

## **Site Safety and Health**

The project will be operated in compliance with the requirements of all national, state, county and city laws. All required construction will be done with permits and will comply with the LA Building Code and other applicable codes.

## **Compliance with All Relevant Codes and Standards**

The Lessee and its team members are familiar with and fully commit to comply with all state, county, local, and federal government codes and standards which apply to the operations and maintenance of the facility. The Lessee will assume the responsibility of educating all team members regarding specific rules and regulations that apply to the performance of operations and maintenance services that they will be providing, including but not limited to the following:

**a. National Fire Protection Association** – The Lessee will comply with the National Fire Protection Association (NFPA) guidelines in its operations.

**b. American Disabilities Act (ADA)** – The Lessee will comply with the regulations established by the ADA to ensure that all citizens have equal accessibility to all public facilities.

**c. Building Code** – All maintenance and construction work will be performed with proper permits from the City of LA and will comply with the LA Building Code, OSHA, and other pertinent codes. Management will report to VA results of any inspections by the Federal, City, State, Country or local authorities on an annual basis or more frequently as Lessee may decide.

## **Management Service Commitment**

Our service commitment and quality guarantee are established with the adherence to all codes and standards in mind. This is not only to include the specific codes elaborated above but any and all codes and standards that are established by and recognized by federal, state, county and local institutions.

SERVICE COMMITMENT	
Type of Work	Performance Threshold
Police, Medical, Fire Emergencies and/or other Critical Events	For a comprehensive guideline response to emergencies that shall include the authorities to contact, the order in which such authorities should be contacted, as well as contingency plans and general guidelines to address common scenarios, including time frames, see page 9 (Emergency Response Plan).
Routine Service or Work Orders	Respond within three calendar days and perform maintenance or repairs until problem is repaired or equipment is replaced within allotted time. Life and Safety Repair needs will be completed immediately.
Preventive Maintenance	Schedule and perform preventive maintenance as scheduled.
Customer Satisfaction	Goal of no more than 1 complaint per month.
Complaint Resolution	All complaints will be addressed within one business day and resolved within 48-hours, if possible. Otherwise, complaints will be resolved as quickly as feasible.

### Service and Work Order Call System

A service and work order system will be developed that is responsive to the needs of the residents and the overall facility. Work orders will be classified as critical, emergency, and routine work requests. The Lessee will have a 24-hour answering service to answer all calls when a Lessee staff member is not available on site. The answering service triages calls as appropriate. Maintenance staff are on call always.

- a) **Preventative** Maintenance is scheduled on a regular and ongoing basis. Third party contracts will be in place for each of these systems; HVAC/Boiler, fire sprinkler systems, fire alarm detection systems and generators.
- b) **Routine** maintenance requests will be submitted through a written work order and submitted to the Lessee. It will be tracked and coded for response based on a project determination of importance, but will be addressed within the three-days. All calls or

reports for service needs will be kept as a matter of record by the Lessee's electronic property management software. All work and response times will be performed in accordance with standard commercial practices, manufacturer's recommendations, and applicable federal, state, and local rules and regulations. Additionally, a log will be maintained showing the status of all pending or complete service and work orders to include open and close dates and the elapsed time in days for the repair to be completed.

- c) **Critical** maintenance requests exist when a health or safety issue are present, or a repair is necessary to prevent further damage to the project. The maintenance team will prioritize these requests. Critical maintenance repairs will be completed as quickly as possible and maintenance staff will remain onsite until the repair is completed, and the safety concern no longer exists.
- d) **Emergency** maintenance repairs take the highest priority and the VAMC will be notified if an emergency maintenance repair is taking place. Lessee staff will remain onsite until the emergency maintenance repair is completed. Staff are on call 24 hours a day, seven days a week for critical and emergency repairs.

### **Building and Grounds Maintenance**

The Lessee shall be solely responsible for maintaining and ensuring that the Project is in good repair and operating in accordance with local codes. Operating funds will be budgeted and established in amounts sufficient to ensure the ongoing viability and success of the project. The development will be self-sufficient in that all of the maintenance and property management activities will be paid through the project rents and at no time and in no way will project operations or maintenance be the responsibility of the VAMC.

Management will provide the following on behalf of the Project:

- a) Oversight and planning for long term maintenance of building and grounds, safety and security, and the well-being of the tenants.
- b) Daily attention to the development's mechanical plant and equipment, focusing on responsible preventive care.
- c) A work order system to handle repairs and service requests from the residents or regular maintenance in a timely and efficient manner and tracking and protocols to address any continuing problems to resolve ultimately such problems.
- d) Regular cleaning and maintenance of common areas by staff or oversight of contract services to enhance the appeal of the facility and a sense of pride and pleasure by the residents.
- e) Grounds upkeep, including but not limited to mowing, power-washing, landscaping, graffiti abatement, trash removal and maintaining exterior appeal and safety either by site staff or through contracted services. All sidewalks, driveways, porches, and patios shall be cleared of debris. The grounds will have the grass mowed, trimmed, watered, and edged; trees and shrubbery shall be pruned; all weeds, trash, and other debris shall be removed.
- f) Purchasing of supplies and equipment with concern for safety and economy of life/use.
- g) High regard for maintaining security systems, lighting, emergency response, and alarm systems for the well-being of tenants and the neighbors.
- h) Ongoing oversight of short- and long-term capital repair needs.



- i) A separate contractual relationship will be established with a third-party company for trash removal on the EUL site and at the Project. All trash will be held on site between removal dates in a secured and screened trash collection area, which will be monitored daily to ensure that it is kept clean.

Maintenance will include, but will not be limited to, all residential units, facility common areas, storage rooms, driveways, sidewalks, street curbs, utility systems, exterior appurtenances, including but not limited to sprinkler systems (if present). All facility interiors, exteriors, and surrounding grounds will be maintained in accordance with manufacturer's recommendations, current national codes, applicable federal, state, and local rules and regulations, and applicable building and safety codes unless otherwise specified.

a) **Exterior Work:**

- Recurring inspections – The project will be reviewed weekly by on-site personnel to identify obvious or acute maintenance issues. Semiannual unit inspections will be done by property management staff. Maintenance staff will inspect every unit during routine work order repairs and during planned servicing of equipment.
- Repair/replacement of walls
- Beams
- Soffits
- Fascia joints
- Trim
- Hose bibs
- Electrical systems from the electric box into the building
- Roofing and accessories
- Flashing
- Gutters
- Downspouts
- Shrubs, trees, and hedge trimming
- Debris
- Repair of porches
- Lawn mowing
- Retention Area Maintenance
- Mechanical and electrical fixtures and devices
- Fences
- Exterior painting

b) **Interior Work**

- Recurring equipment inspections—Units will be inspected by maintenance staff at every response to a work order. Filters will be inspected and replaced quarterly, if needed, at which time an overall unit inspection will be done. Smoke detectors will be inspected quarterly. All equipment and appliances will be inspected annually and replaced or repaired as needed.
- Fixtures
- Plumbing systems
- Ventilating systems
- Pumps
- Door bells
- Appliances: dishwashers, refrigerators, stoves, disposals
- Tub units

- Shower units
- Vanities
- Smoke detectors
- Ceilings
- Cleaning
- Repair/replacement of countertops/sinks
- Flooring
- Baseboards
- Traverse rods
- Window shades/mini blinds
- Bathroom accessories
- Window and hardware
- Walls
- Carpet and wood valance cleaning

## **Green Management**

Management has designed procedures and strategies of property management that promote energy efficiency in building systems and create cleaner, healthier environments within the housing. For the project, they will concentrate on four components: Energy Usage and Efficiency, Green Materials and Practices, Bringing Green into our Daily Habits, and Promoting Awareness.

- a) Energy Usage and Efficiency: The best tool to maintain energy efficient buildings comes from knowing the buildings, especially knowing the systems, how they function, and their maintenance requirements. Methods for managing the energy usage and efficiency of the project will concentrate on:

- month-to-month comparison of utility bills;
- proper annual maintenance on building equipment;
- lighting system maintenance and operations; and
- HVAC maintenance and operations.

b) Green Materials and Practices: Property management will employ operating practices and techniques that minimize negative impacts on the environment and natural systems. Particular attention will be paid to using environmentally-friendly cleaning and replacement materials and to landscaping practices that minimize watering and maintenance. No harmful chemicals in the landscaping. The grounds will be regularly inspected and kept free of trash, and parking areas will be cleaned regularly to remove dirt, oil and chemicals.

c) Bringing Green into Daily Habits: Management and maintenance staff will work to develop “green” habits, to think green and to stay aware of their working environment on a daily basis. The theme will be: Reduce, Reuse and Recycle. Some of the practices will include:

### 1. Vacant Units:

- Ensure electric/gas set at minimum
- Close blinds to keep heat in or out
- Repair leaks or broken components immediately

## 2. Frequently Check Common Areas:

- Ensure lights are turned off
- Maintain heating/cooling system on daytime/nighttime schedules
- Ensure timers are coordinated with seasonal lighting/heating needs
- Ensure exterior doors shut tightly, and have proper sweeps to keep air from leaking in or out.

## 3. Maintain a "Green" office:

- Go paperless when possible
- Buy recycled paper and office supplies
- Use eco-friendly cleaning products in the office and building

c) Promoting Awareness: Management will work with the service provider to promote green building and green living throughout by:

- Setting up resident programs for carpooling, biking, recycling, and the exchange of household goods;
- Providing information for environmentally-friendly household products and how to conserve energy daily;
- Placing recycle bins near mailboxes;
- Offering pamphlets and/or seminars on consumer responsibility, definitions and significance of pre-consumer and post-consumer, community garden programs, using reusable or cloth bags for groceries, etc.; and
- Distributing a newsletter that provides residents with information on how to become eco-friendly, where to buy products, new technology being developed, and how to improve the quality of their living environment as well as maintaining a healthy body and mind.

## **Change of Occupancy Maintenance**

A comprehensive change of occupancy program will be provided that will ensure quality units are available to meet the needs of the incoming residents in a timely manner. Change of occupancy will include the repair of any damages or worn components to ensure all components are in good working order, are aesthetically pleasing, and clean.

## **Property and Asset Protection and Security**

The management team is dedicated to creating and maintaining collaborative relationships to manage the project. The primary relationship in this regard will be with the VAMC. All Lessee, Management and Service employees will be required to display proper identification at all times that they are on the VAMC campus.

Property management will work closely with residents, the Residents' Council (to be established and overseen by the services team), the VAMC and the VAMC Emergency Department to establish a public safety partnership. The purpose will be to maintain a safe environment for the residents and the surrounding community.

Property Management will work to promote resident and community involvement while meeting its own obligation to thoroughly screen applicants, enforce leases, maintain security systems, and be responsive to resident and community concerns.

Several approaches to enhance oversight will be used. They include:

- Initial screening and tenant selection process: Property management staff will thoroughly screen applicants, including running a criminal background check. Tenants with a history of violent crime may not be accepted for tenancy, depending on the specific history of the individual; however, if denied based on their history, they will have access to an appeal process if they feel there are extenuating circumstances that should be considered.
- Enforcement of leases: Property management staff will enforce provisions of the lease that involve security and maintaining a safe living environment for all tenants.
- Fire and police protection: All buildings will be fully sprinkler equipped. Tenants will be instructed to contact the apartment manager and/or another designated representative (as identified in the future leasing agreement) when police or rescue response is necessary. All units will have clearly outlined emergency evacuation procedures and emergency phone numbers posted. Typical emergency responders listed will include local law enforcement and LAFD for most common emergencies.
- Lighting: Site lighting will be enhanced beyond the minimum required to provide a higher level of security around the building units.
- Parking: Parking spaces will be assigned by unit/use so that visitors will be more easily identified. Parking availability and improvements shall be subject to available funds in the Capital Fund Account and the Capital Improvement Obligation timeline per the EUL.
- Security: The building will include CCTV equipment, access control, and security personnel as needed. The Cameras will be monitored by the Resident Manager, Maintenance team and the security guards. The Property Management team and construction project manager will meet to determine all camera locations. We will work with the selected camera vendor to ensure that maximum time/day footage are obtained. The budget will include funds for security guards.

The Management of the Project will be carried out under the direct supervision of the Lessee subject to all applicable laws and regulations of the state and federal government. Additional requirements may be imposed by funding agencies, and property management will ensure compliance with these regulations. The overall duties of property management will be incorporated into a Management Agreement and Management Plan. Management duties undertaken by Property Management will include:

- a) Implement and oversee the resident selection process.
- b) Conduct physical inspections of the Project and review management practices on an ongoing basis. Property management may conduct more frequent inspections, examinations and reviews at its sole discretion but no less frequently than semiannually. Comprehensive Capital Needs Assessments are conducted by a third-party engineering firm, every seven years.
- c) Monitor the financial condition of the Project on a monthly basis. In conjunction with the Lessee, property management will create and maintain the annual operating budgets, seek approval from funders as needed, and oversee expenditures from that

budget. The operations budget is directly monitored by the Lessee. Annual financial audits are conducted by a third-party accounting firm.

- d) Develop, implement, monitor, and review a marketing strategy and plan for the Project.
- e) Design and monitor the leasing activities of the Project.
- f) Rent Collection and Lease Enforcement. Property management shall institute any and all legal actions necessary for the collection of rents and other income and for the eviction of residents or unauthorized persons from the Project. Property management will work closely with supportive services personnel, however, to provide reasonable accommodation to Veterans wherever possible.
- g) Maintain and repair the Project and provide for utilities and services as appropriate.
- h) Work in collaboration with on-site supportive services.
- i) Facilitate monthly community meetings, support the creation of Resident Councils, resident groups and resident driven activities on site.

### **Property Management and Supportive Services Staffing Plan**

Management will dedicate significant staff time to the initial marketing and lease-up effort to ensure that all units are filled quickly, efficiently, and in a manner that ensures a smooth start-up of operations.

The ongoing onsite property management staff will be funded by the project and consist of the following (for specific job duties, please see job descriptions in Attachments A, B, and C of this document):

- 1 Full time Resident Manager (will live onsite and goal is to hire this person at least two months prior to tenant move-ins)
- 1 Maintenance Technician (goal is to hire this person at least three weeks prior to tenant-move-ins)
- 1 Full time Life Skills/Activities Staff

#### **a) Property Management Service Contracts**

Contracts with third party professionals will be executed for services such as landscape maintenance, graffiti abatement, pest control services, trash removal and other services as necessary and appropriate to meet facility needs. Contracts will be awarded based upon the results of competitive bidding and contractors will be required to provide references and proof of adequate workers compensation insurance.

- b) **VASH Case Managers** will serve veterans that are receiving assistance through the Project based VASH Vouchers. Case Managers will be from either VA or a third-party provider competitively selected by VA.

### **Veteran Supportive Services Plan**

The Lessee will work to support all Veterans residing at the project, and work with the VA Case Managers for Veterans receiving the VASH Project Based Vouchers. This support will be provided by an on-site supportive services staff who will provide services and assistance in the following life skills domains: money management, independent living skills, cooking, hygiene, housekeeping, socialization activities, transportation and other needs as they relate to improving each Veteran's ability to live independently. Additionally, the life skills/activities staff will provide



socialization opportunities through on and off-site activities coordination and groups designed to promote community within the project. This life skills/activities staff will facilitate group sessions, group activities, outdoor activities, and other comprehensive socialization experiences/opportunities designed to address concerns and promote housing retention. Where a Veteran's need is beyond the scope of the life skills/activities staff, referrals and linkage will be made to community-based services that can fulfill each Veteran's need such as: legal assistance, educational opportunities and medical and mental health services.

Veterans in need of treatment for serious behavioral health and or physical health issues will be encouraged to participate in the VAMC or community treatment programs. Regarding those with substance abuse history, the on-site life skills/activities staff will provide support utilizing the harm reduction model. Veterans will be encouraged to be engaged in outpatient treatment, in addition to participation in self-help recovery groups including AA/NA. All these services will be coordinated with the HUD VASH provider attached to the tenant.

When both the on-site life skills/activities services and VASH services are utilized, it is strongly encouraged that the Veteran sign the information release forms to allow the Case Manager and the life skills/activities staff to communicate directly regarding their recovery plan and other matters as necessary and appropriate to best support the Veteran.

The Lessee's on-site life skills/activities staff is responsible for providing support to residents in need of reasonable accommodation requests. It is also responsible for conducting dispute resolution interviews and working to promote resident retention. The Lessee will identify programs available in the community and at the VA to assist residents in getting services in health and wellbeing programs, and to the extent applicable, career or personal development.

The Lessee's on-site life skills/activities staff will coordinate each Veteran's treatment plan with VASH Case Managers and the VAMC based on individualized needs. The Lessee's life-skills staff recognizes that a collaborative approach best serves the residents. If necessary, regular and ongoing meetings can be set up with the case managers, VAMC Staff and onsite life skills/activities staff to support veterans living at the facility. Regular hours for when staff will be onsite and available to Veterans will be posted in the building.

The services under this Veteran Supportive Service Plan are outlined below in table 11-1. The Lessee's on-site life skills/activities staff shall be responsible for "other services provided" as listed in table 11-1. "VA Supported Services" will be the responsibility of the HUD VASH case manager. Where services are indicated as being provided by both, coordination of interventions will be managed through the life skills/activities and VA case management staff to ensure the required outcome and no duplication of services.

Table 11-1

SERVICES	VA Supported Services	Other Services Provided
Life skills training	X	X
Dispute resolution interviews	X	X
Resident retention		X
Tenant Selection Plan review for compliance		X
Health skills training	X	
Money management skills training	X	X



SERVICES	VA Supported Services	Other Services Provided
Independent living skills training – cooking, shopping, cleaning.		X
Job training assistance	X	
Socialization and group interaction services		X
Coordination of transportation to off-site services		X
Linkage to offsite social services		X
Mental Health support services	X	
Physical Health care services	X	

These services will be provided both on site and off site to tenants.

### **Illegal Substances and Alcohol Policy**

The Lessee acknowledges that use of illegal substances on the property, whether in a public area or in private unit space, is prohibited by law and will make every effort to address transgressions of this policy. At the same time, Lessee acknowledges that the units are directed towards a chronically homeless veteran population and that this population is known to use and abuse illegal substances and alcohol. Lessee, through the contracted service provider (currently Step Up on Second Street, Inc.) shall strive to adopt a “harm reduction” model in dealing with veteran tenants. Harm reduction is a set of practical strategies and ideas aimed at reducing the negative consequences associated with drug use. Lessee and its subcontracted service provider will make best efforts to work with tenants to reduce their long-term usage of such substances and provide linkage to substance abuse treatment services.

### **Emergency Response Plan**

In order to provide a safe living environment for the Residents, the following is intended to give clear guidance (for Facility employees) about how to manage emergencies.

#### **Category of Emergencies**

An Emergency is defined as any event that may cause imminent harm to property or life. Emergencies are grouped into major categories based on causation:

1. Emergencies caused by Person(s)
  - A. Injuries.
  - B. Threat of Injury to Person (self or others)
    - i. Subcategory – mental health issue
  - C. Threat of Damage to Property; Damage to Property
2. Emergencies caused by Nature
  - A. Weather, Earthquake, Flood
  - B. Fire
  - C. Animal
3. Neither above

## **WHAT TO DO**

### **THREAT FROM PERSON(S) TO PROPERTY OR PERSON**

1. If a life-threatening injury has occurred call 911.
2. If there is an immediate threat of injury, call local law enforcement.
  - a. When you call local law enforcement (Answer the common questions):
    - i. Whether you are in danger?
    - ii. Whether the person is stable (see Part II regarding determining whether the injury is life threatening)
    - iii. Weapons?
    - iv. Address / room number
    - v. What does he/she look like? Weight? Age?
    - vi. Known Medications (if you don't know, try to get this info ready upon arrival)
    - vii. Ask approximate time of arrival
    - viii. Notify VA police that an emergency team is coming
    - ix. Make sure you can be contacted via phone
    - x. Have someone wait for the emergency responders outside
  - b. If a known mental health issue is involved, follow above and refer to mental health additional procedures.
3. If no life-threatening injury or no immediate threat of injury. Call local law enforcement.
  - a. If no communication service exists or is inoperable, send someone to the VA Police (location below).

Note that the VA Police have the discretion to call 911 in non-life-threatening situations. If for some reason, there is no response by the VA Police, then property manager should call 911.

### **EMERGENCY CONTACTS:**

- Local law enforcement 911
- VA Police (310) 268-4524
- Location: WLA Campus. Building 236

## **THREATS FROM NATURE**

### **NATURAL DISASTER or FIRE:**

1. Determine if any life-threatening emergencies exist. If so, call 911
  - a. If there is no communication service. Contact VA Police at their location WLA Campus Building 236).
2. If there is a Fire, call 911
  - a. Evacuate all residents to the location
3. If there is an Earthquake, evacuate the building – follow fire drill procedures.
4. If there is a flood, evacuate the building – follow fire drill procedures.

**ANIMAL:**

1. Determine if any life-threatening emergencies exist (delirium, unconscious, snake bit of any kind, some spider or bug bites if reactions are serious). If so call 911

**EMERGENCY CONTACTS:**

1. Local Police 911
2. Medical: 911
3. Fire Department (310) 575-8537

**Signs of life-threatening injuries include any of the following:**

- Unconscious;
- Trauma of any kind to the head;
- Difficulty breathing;
- If animal bite from snake;
- If animal bite causing a serious skin reaction, numbness or breathing issues;

Ask if there are any allergies. This information may be useful for emergency responders later.

**Psychiatric Emergency Response**

In the event of a psychiatric emergency, a Comprehensive Suicide Risk Evaluation should be performed by case management staff. If the Veteran is determined to be high-risk for suicide, homicide or unsafe behavior, call 911. If no case management staff are present, call 911 immediately.

In the event of a medical emergency, call 911

- Check the patient's airway, breathing, and pulse. If necessary, begin CPR. If the patient is unconscious but breathing, carefully place him or her in the recovery position. If the patient is conscious, loosen the clothing, keep the person warm, and provide reassurance. Try to keep the patient calm. If an overdose is suspected, try to prevent the patient from taking more drugs. Call for immediate medical assistance.
- Treat the patient for signs of shock, if necessary. Signs include: weakness, bluish lips and fingernails, clammy skin, paleness, and decreasing alertness.
- If the patient is having seizures, give convulsion first aid.
- Keep monitoring the patient's vital signs (pulse, rate of breathing, blood pressure) until emergency medical help arrives.
- If possible, try to determine which drug(s) were taken and when. Save any available pill bottles or other drug containers. Provide this information to emergency medical personnel.

ALWAYS TAKE PRECAUTIONS (use gloves & CPR mouth guards)

## **Substance Abuse**

When a substance abuse may be involved:

1. Ask and observe the signs for alcohol poisoning and/or drug overdose.
  2. If alcohol or drug use is known to be involved, report this to the VA Police. Identify the symptoms ONLY to the VA Police. Generally, do not speculate on their use, but you may state that drug use may be involved based on observed symptoms. The patient's welfare is a priority, so such a statement is necessary to properly treat the patient.
    - a. An example of what you may state: "I'm with a tenant of 11301 Wilshire, building 205 and we believe they had a seizure. Drug use may be involved based on my observation of symptoms. They are currently stable, but are still having heart palpitations and are very confused. We are requesting paramedic services."
  3. The operator will ask:
    - a. Are you in danger?
    - b. What does he/she look like? Age? Weight?
    - c. Address/room number/contact number?
    - d. Medication prescribed (if you don't know, just get that ready for when the team arrives).
- Check the patient's airway, breathing, and pulse. If necessary, begin CPR. If the patient is unconscious but breathing, carefully place him or her in the recovery position. If the patient is conscious, loosen the clothing, keep the person warm, and provide reassurance. Try to keep the patient calm. If an overdose is suspected, try to prevent the patient from taking more drugs. Call for immediate medical assistance.
  - Treat the patient for signs of shock, if necessary. Signs include: weakness, bluish lips and fingernails, clammy skin, paleness, and decreasing alertness.
  - If the patient is having seizures, give convulsion first aid.
  - Keep monitoring the patient's vital signs (pulse, rate of breathing, blood pressure) until emergency medical help arrives.
  - If possible, try to determine which drug(s) were taken and when. Save any available pill bottles or other drug containers. Provide this information to emergency medical personnel.

## **FOLLOW UP CARE**

1. Contact the tenant at the hospital either by phone or in person. Get release of information to talk to hospital staff about treatment/discharge.
2. Talk with Hospital SW or Doctor and discuss discharge plan. What changes will be made to their medication? How long will they be held? What recommendations are they making?

3. If the tenant does not have a mental health provider, request that the hospital provider a referral at release to an appropriate community mental health provider.
4. Make sure the doctor releases the tenant with a 30 days' worth of medication or a prescription.

**On-going care:**

The population we work with is often highly familiar with utilizing and relying on emergency services. Our goal is to assist them in setting up a medical home for them that limits their use of emergency services. We encourage establishing a primary care provider, frequent check-ups, proper use of medicine, good nutrition and exercise. Within the first week intake you will establish if the tenant has strong connections and will work to either establish those or strengthen those where necessary.

**FIRE AND SAFETY PROCEDURES**

Periodically, property management should do a fire drill. Notification of any drills needs to be made to the VA Police prior to the drill (at least 5 days' notice). The residents should evacuate to a designated area, where head counts can occur. Prior to any fire drill, floor leaders should be assigned. Special instructions should be given to them as to clear the floor, and direct people to the designated meeting area. Bullhorns are recommended to be assigned to each.

Fire drill. Shall occur 2 times per year. Floor leaders shall be involved, and trained. The goal is to evacuate the building within 5 minutes, and obtain a head count. The meeting place shall be a location that is safe in event of flood or earthquake (open field, high ground, at least 50 feet from building).

Floor leaders: Floor leaders will be assigned and trained. The training shall include specific instructions on where the meeting places are, their responsibilities to clear floors, but to maintain personal safety. They are not authorized to enter resident rooms, but shall take note of rooms with no response. Clip boards and bullhorns shall be assigned for them to keep. They shall be involved in each fire drill.

**Attachment A: Resident Manager Job Description**

**Program/Department:** Community Development

**Reports To:** Asset Manager, Property Supervisor, Property Coordinator

**Job Class:** Exempt

**SUMMARY:** The Resident Manager lives on site and is responsible for overseeing and maintaining the entire building including the residential units, common areas, and leased spaces. The Resident Manager must respond to the building emergencies.

**DUTIES:** Primary duties include, but are not limited to, the following:

- Oversee the duties of vendors, as well as any maintenance or security personnel.
- Rent units, accept applications, interview prospective tenants and check applicant references, prepare housing units for new tenants.

- Verify applicant/tenant income and ensure applicants/tenants meet all building and regulatory requirements.
- Complete Tenant Income Certifications (TICs).
- Assist with annual recertification process.
- Instruct new and existing tenants on house rules, maintenance of their apartments and proper use of the community room, laundry area, etc.
- Create and serve warnings and notices for tenant violations.
- Set regularly scheduled hours of availability to tenants, vendors, staff and outside service agencies.
- Collect rents monthly and log them in to property management software
- Perform regular inspections for cleanliness, identify needed repairs and handle minor maintenance and common area cleaning.
- Attend regular tenant meetings, interface with case managers; family members of tenants and Step Up program staff.
- Meet regularly with the Property Management Coordinator to ensure tenant legal issues are handled appropriately.
- Maintain records and reports as required.
- Communicate actively with the Property Management Coordinator and other service coordinators on quality of life issues relating to tenants.
- Ensure the safety and security of the building, including frequent viewing of the electronic monitoring system and investigation of any suspicious events or individuals.
- Responsible for all building keys, distribution and reclamation (doors and elevator).
- Coordinate site inspections of property quarterly with the Property Management Coordinator and report any exterior/interior conditions requiring maintenance or redecoration requirements as needed.
- Perform light maintenance tasks. Coordinate obtaining estimates, and review and approve work of outside contractors.
- Must be on-call in the event of a building and/or tenant emergency.
- Weekly status report to the Property Management Coordinator.
- Weekly vacancy report to the Property Management Coordinator that will provide an update of the status of vacant units.
- Weekly preventative maintenance checklist to the Property Management Coordinator providing an update of the status of common area life and safety items.
- Other duties as assigned.

**QUALIFICATIONS:** Previous case management experience and/or apartment management experience necessary. Position requires good communication and intervention skills, ability to problem solve and perform minor maintenance. Must have legible handwriting, accurate and timely record-keeping and computer skills. Previous experience with individuals experiencing mental health issues and homelessness a plus. California driver's license and insurance required.

**PHYSICAL REQUIREMENTS:** While performing the duties of this job, the employee is regularly required to sit; use hands and fingers; handle or feel; reach with hands and arms; talk; and hear. The employee is frequently required to walk, balance, stoop, kneel, and/or crouch. (The employee must occasionally lift and/or move up to 25 pounds). Specific vision abilities required



by this job include close vision, distance vision, peripheral vision, depth perception, and ability to adjust focus. Keyboard data entry required.

## **Attachment B: Maintenance Technician**

Program/Department: Community Development

Reports To: Resident Manager, Property Supervisor, Property Coordinator

Job Class: Exempt

### **Job Summary:**

Since all service requests must be submitted to the rental office, and the office coordinates re-rental of vacant units and other maintenance needs, the Maintenance Person is responsible for coordinating maintenance work schedules.

ESSENTIAL DUTIES AND RESPONSIBILITIES include the following:

- Walk the grounds twice a day, once early in the morning and again in the late afternoon. This will allow an opportunity to note the condition of the development.
- SERVICE REQUEST:
  - Completion of service requests.

These requests should be completed within a 24-hour period (or less for emergency repairs) unless there are extenuating circumstances (i. e. parts on order; request not management responsibility; etc.).

- INTERIOR PAINTING:
- MAINTENANCE REPAIR TO BUILDING:
- EXTERIOR CLEANING:
  - Trash bin areas.
  - Stairwell areas.
  - Grounds
  - Parking lot (where necessary).

### **WATER & GAS METER SHUT-OFF:**

- a. Have knowledge regarding how to shut-off in all apartments and sewer clean out.

### **MOVE-IN & MOVE-OUT PROCEDURES:**

- a. Assist in move-in and move-out inspections.

### **INVENTORY CONTROL:**

Each maintenance person is responsible to maintain a written inventory of all supplies and maintenance equipment. This is to be updated on a weekly basis.

### **SUBMIT DAILY MAINTENANCE LOG:**

It is each maintenance person's responsibility to submit daily maintenance logs to the manager every Friday.

These logs will then be sent to the Central Office.

### **UP KEEP OF EXTERIOR:**

- a. Replace glass
- b. Replace lights
- c. Replace screens
- d. Stucco repairs

### **DIRECTLY RESPONSIBLE TO RESIDENT MANAGER.**

### **PREPARE VACATED UNITS FOR RE-RENTAL:**

- a. Paint
- b. Clean (appliances, carpet, floors, bathroom).
- c. Maintenance repair.

LAUNDRY ROOMS:

It is the responsibility of the maintenance person to see that the laundry room is cleaned daily. This includes, but is not limited to, trash removal, washing the machines, sweeping the floors, washing the windows.

OTHER DUTIES MAY BE ASSIGNED.

We attempt to cover all your duties, however, it must be understood that various duties may be assigned that are not mentioned in this job description.

## Attachment C: Life Skills/Activities Staff Job Description



### Life Skills/Activities Coordinator I

Program/Department: Life Skills Coordinator I  
Reports To: PROGRAM MANAGER  
Job Class: Non-Exempt  
Hours Per Week: 40

#### **Summary:**

The Life Skills/Activities Coordinator will work on-site at permanent supportive housing projects and provide supportive services toward the goal of improving independent living skills and housing retention. This position will provide outreach and engagement, referral and linkage, supportive services and housing retention services to tenants housed in Step Up Permanent Supportive Housing Properties for Veterans. Step Up on Second fully implements the Housing First and Harm Reduction models of service delivery.

#### **Essential Duties:**

##### **Individual Services:**

- Coordinate lease up activities with Resident Manager and HUD VASH case manager. Meet with applicants together and provide orientation that includes explanations of different roles and how to access services.
- Perform an intake on all tenants the first week of move-in.
- Develop an initial individualized service plan for each tenant which guides the services delivered and will be reviewed and updated every 6 months or sooner if a significant event occurs.
- Meet face-to-face with each tenant a minimum of once per week. More frequently if needed.
- Meet with tenants in their units a minimum of once per month, more frequently if needed.
- Responsible for tracking, charting and documentation for all services, file maintenance, daily logging. Process paperwork in a timely and accurate manner, as outlined in workflows.
- Provide independent living skills training that includes a focus on life skills/activities such as: money management, housekeeping, shopping, cooking, etc.
  - Take a “hands-on” approach to modeling and supporting tenants’ growth in transitioning from being homeless to being housed. Address emotional issues as they relate to this transition and assist tenants in coping with these emotions.
- Regularly assess and document changes in tenant income, housing needs, mental health needs, physical health needs and vocational needs.

- Actively participate with tenants to engage a Good Neighbor Policy of living responsibly both with tenants of the property and neighboring tenants/business owners in the community.
- Complete “Housing Status Change” form for all tenants moving into and out of units.
- Escort/accompany/transport tenants to appointments
- Participate/facilitate a safe return to the milieu upon discharge from acute care facilities

#### Group Activities:

- Responsible for providing tenant-driven, on-site supportive services including: engagement, group scheduling, outings and activities, dispute mediation, ADLs, community integration services, resources and referral, and monitoring the milieu and tenant safety.
- Maintain an active calendar of supportive services including at least one supportive group per day.
- Organize group outings and recreational events that offer the opportunities to model appropriate behavior in the community and connect tenants to community resources.
- Organize group outings that demonstrate use of public transportation and access to affordable and free activities in the community and throughout the City.
- Participate in and ensure the Tenant Advisory Committee is actively meeting and engaging the needs of all tenants.

#### Service Coordination:

- Coordinate care and interventions with the tenant's HUD VASH case manager and Property Management's Resident Manager utilizing the Step Up philosophy and standards for services.
- Monitor for warning signs of de-compensation and crisis, and respond accordingly.
- Liaise with HUD VASH Mental Health providers to address tenant issues and formulate intervention strategies that focus on housing retention.
- Attend regular team meetings and service coordination meetings
- Attend supervision and training as required.
- Provide transportation as needed to critical appointments with other providers

#### Data management

- Document all services provided.
- Participate in the lease-up process.
- Responsible for managing tenant information on the following documents: Tenant Roster and Contact form and Entry-Exit Form. Updates required as changes occur. Review for accuracy monthly.
- Other duties as assigned

#### Skills/Abilities:

Experience working with homeless and chronically mentally-ill population, crisis intervention, understanding and commitment to Psychosocial/Recovery-Oriented philosophy, Strong computer skills, ability to work effectively in an interdisciplinary team. Familiarity with and dedication to the Housing First and Harm Reduction models required.

**Qualifications:**

A minimum of 2 years' experience working with the mentally ill population in a community or housed setting necessary. Ability to work as a part of a team is crucial. Knowledge of Microsoft Office is essential. Must have own transportation and current California driver's license and insurance with good driving record.

**Physical Requirements:**

While performing the duties of this job, the employee is regularly required to sit; use hands and fingers; handle or feel; reach with hands and arms; talk; and hear. The employee is frequently required to walk, balance, stoop, kneel, and/or crouch. The employee must occasionally lift and/or move up to 15 pounds. Specific vision abilities required by this job include close vision, distance vision, peripheral vision, depth perception, and ability to adjust focus. Keyboard data entry required.

Work with the homeless and formerly homeless population whether on the streets, in shelters or other places of habitation or services, may present inherent challenges and difficulties such as: exposure to bed bugs or other infestations, unpleasant smells or odors, unclean individuals or homes due to homelessness or mental health symptoms or poverty. While Step Up as an agency strives to protect all employees from adverse events, Step Up is not responsible for rectifying the outcome of such exposures and considers this the nature of the field based environment and workplace.

**Employee Name:** \_\_\_\_\_

**Employee Signature:** \_\_\_\_\_ **Date:**

\_\_\_\_\_

**\_\_\_\_\_ I can perform the essential functions of this job as described with or without a reasonable accommodation.**

**Step Up on Second Street, Inc. 9.2014** Step Up is an Equal Opportunity Employer EOE.



**Our Mission:** Step Up delivers compassionate support to people experiencing serious mental illness to help them recover, stabilize, and integrate into the community. Through dynamic partnerships, we provide positive social and learning environments, vocational training, permanent supportive housing opportunities, and recovery services to empower individuals to cultivate lives of hope and dignity. We exercise innovative leadership and advocacy to increase public understanding, support and acceptance of all people living with mental illness

**EXHIBIT “F”: TENANT SELECTION PLAN  
(RESERVED – NO CHANGES TO ORIGINAL LEASE EXHIBIT)**

**EXHIBIT “G”: MEMORANDUM OF LEASE  
(replaces Lease Exhibit “G”)**

**AMENDMENT #1 EXHIBIT "G"**

**MEMORANDUM OF LEASE**

THIS MEMORANDUM OF ENHANCED-USE LEASE ("Memorandum") is made as of the 2nd day of June 2020, by and among THE SECRETARY OF VETERANS AFFAIRS, AN OFFICER OF THE UNITED STATES, ON BEHALF OF THE DEPARTMENT OF VETERANS AFFAIRS ("Lessor"), Building 205 Holdings, LLC, a California limited liability company, as the initial lessee ("Initial Lessee"), and Building 205 Preservation, LP, a California limited partnership, as the new lessee (the "Lessee")

**WITNESSETH:**

1. Agreement of Lease. Lessor has leased to Initial Lessee a certain parcel of land described in Exhibit "A" attached hereto, for a term of seventy-five (75) years, commencing on the Effective Date, together with the non-exclusive right to use the Access Roads as set forth in the Lease, which Lease was subsequently assigned to and assumed by the Lessee under an Assumption Agreement of the Enhanced-Use Lease of Certain Real Property and Facilities at the VA Greater Los Angeles Healthcare System West LA Campus Los Angeles, California (the "Assignment") by and among the Lessor, Initial Lessee and Lessee.
2. For more information, the parties to the Lease and Assignment may be contacted at the following addresses:

LESSOR: Department of Veterans Affairs  
Office of Asset Enterprise Management (044)  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420  
Attn: Designated VA Representative

INITIAL LESSEE: Building 205 Holdings, LLC  
c/o Veterans Housing Partnership LLC  
660 S Figueroa St. Suite 1888  
Los Angeles, CA 90017  
Attention: Asset Management

LESSEE: Building 205 Preservation, LP  
c/o Building 205 Preservation, LLC  
660 S Figueroa St. Suite 1888  
Los Angeles, CA 90017  
Attn: Asset Management

and

c/o Friendship for Affordable Housing, LLC  
5967 W. 3<sup>rd</sup> Street, Suite 102  
Los Angeles, California 90036  
Attn: Asset Management

3. Provisions of Lease. The provisions set forth in the Lease and Assignment, dated as of even date with this Memorandum, are hereby incorporated into this Memorandum by reference. In the event of any conflict between the provisions of the Lease, the Assignment and this Memorandum, the provisions of the Lease shall control.

4. Miscellaneous. This Memorandum shall inure to the benefit of and be binding upon the parties hereto and their respective successors, assigns and legal representatives. This Memorandum shall be governed by and enforced in accordance with the laws of the United States and, to the extent such laws do not apply, then by the laws of the State of California without regard to its principles of conflicts of law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Memorandum on the date first set forth above.

**THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS  
ENHANCED-USE LESSOR**

By: C. Brett Simms

Name: C. Brett Simms

Title: Designated VA Representative,  
Pursuant to a delegation of authority dated: December 17, 2019

STATE OF MARYLAND           )  
                                                  )  
COUNTY OF MONTGOMERY    )

I, the undersigned, a Notary Public in the State of Maryland, County of Montgomery, hereby  
certify that C. Brett Simms as the U.S. Department of Veterans Affairs Designated  
Representative did sign the foregoing instrument this 02 day of June, 2020

D.A.  
Notary Public



DENNES KIM  
NOTARY PUBLIC STATE OF MARYLAND  
COUNTY OF MONTGOMERY  
My Commission Expires Nov. 9, 2023

My commission expires: 11/09/23



**INITIAL LESSEE:**

BUILDING 205 HOLDINGS, LLC, a California limited liability company

Veterans Housing Partnership, LLC, a California limited liability company

By: [Signature]

Name: Andrew Abdul-Wad

Its: Manager

Communities For A Better Life, a California nonprofit public benefit corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

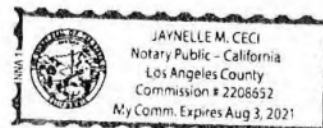
STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF Los Angeles )

On May 29, 2020 before me, Jaynelle M. Ceci, a Notary Public, personally appeared Andrew Meyers Abdul-Wanab, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Jaynelle M. Ceci  
Notary Public



**LESSEE:**

BUILDING 205 PRESERVATION, LP, a California limited partnership

By: Building 205 Preservation, LLC, a California limited liability company,  
its General Partner

By: Veterans Housing Partnership, LLC, a California limited liability company,  
its Manager

By: Andrew Meyers Abdul-Wahab  
Andrew Meyers Abdul-Wahab, Manager

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

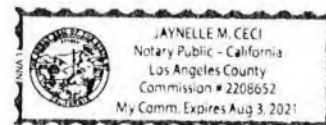
STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF Los Angeles )

On May 29, 2020 before me, Jaynelle M. Ceci, a Notary Public, personally appeared Andrew Meyers Abdul-Wahab, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Jaynelle M. Ceci  
Notary Public



**INITIAL LESSEE:**

BUILDING 205 HOLDINGS, LLC, a California limited liability company

Veterans Housing Partnership, LLC, a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Communities For A Better Life, a California nonprofit public benefit corporation

By: Everson Boyd Esters

Name: EVERSON BOYD ESTERS

Its: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )

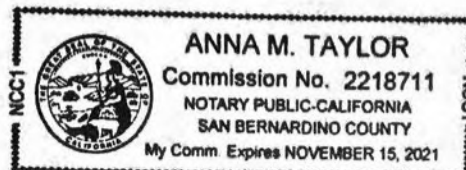
COUNTY OF San Bernardino ) ss.

On June 1, 2020 before me, Anna M Taylor, a Notary Public, personally appeared Everson Boyd Esters, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Anna M Taylor  
Notary Public



**EXHIBIT "A"**  
**LEGAL DESCRIPTION FOR THE MEMO OF LEASE**

**EXHIBIT “H”: CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE (CTCAC) –  
LEASE RIDER  
(replaces Lease Exhibit “H”)**

Free recording in accordance with  
California Government Code  
Section 27383

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

California Tax Credit Allocation  
Committee  
915 Capitol Mall, Rm 485  
Sacramento, CA 95814

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**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**LEASE RIDER  
AGREEMENT (TAX CREDITS)**  
Ground Lease

TCAC NUMBER CA-  
PROJECT NAME

**THIS LEASE RIDER AGREEMENT** (the "Lease Rider Agreement") is dated this day of \_\_\_\_\_, \_\_\_\_\_, and is made and entered into for reference purposes only, by and among the Secretary of Veterans Affairs, an officer of the United States on behalf of the Department of Veterans Affairs (the "Lessor"), Building 205 Preservation, LP (the "Lessee"), and the California Tax Credit Allocation Committee, a public agency of the State of California established under Section 50199.8 of the Health and Safety Code ("TCAC") in consideration of the following facts and circumstances:

- A. Lessor is the fee simple owner of that certain real property described in Exhibit A to the Lease attached hereto and incorporated herein (the "Property");
- B. Lessor and Lessee entered into the following ground lease of the Property: that certain Enhanced-Use Lease of Certain Real Property and Facilities at the Greater Los Angeles Healthcare System West LA Campus, Los Angeles, California, dated \_\_\_\_\_, which is available for public viewing (the "Lease") and a memorandum of which was recorded in the official records of Los Angeles County, California, as Instrument No. \_\_\_\_\_ (the "Memorandum of Lease");
- C. Pursuant to the Lease, Lessee has agreed to acquire a leasehold in the Property for a term described below in Paragraph 2.f. which is at least as long as the TCAC Regulatory Agreement and to develop, acquire, construct, rehabilitate, renovate, own, operate and manage a rental housing development on the Property consisting of not less than \_\_\_\_\_ residential rental units [and nonresidential space(s) approved by TCAC]. During the term of the Lease, Lessee is the owner of all of those certain buildings, improvements and fixtures now or hereafter erected on the Property



described in the lease, and all appurtenances thereto now or hereafter affixed to, placed upon or used in connection with such real property and owned by Lessee or in which Lessee has an interest, together with all additions to, substitutions for, changes in or replacements of the whole or any part of said articles of property (collectively, the "Improvements"). Collectively, the Lessee's leasehold interest in the Property and its interest in the Improvements constructed pursuant to the Lease are hereinafter sometimes referred to as the Development (the "Development");

D. TCAC has authorized an allocation of federal [and state] low-income housing tax credits by a Reservation Letter dated \_\_\_\_\_ (the "Allocation") to Lessee to finance, in part, the Development, pursuant to the Low Income Housing Tax Credit Program ("Program"). The Allocation is subject to numerous terms and conditions, including without limitation, the execution and delivery of this Lease Rider Agreement and the TCAC Regulatory Agreement which sets forth certain use restrictions affecting the Development, which TCAC Regulatory Agreement is to be recorded in \_\_\_\_\_ County, as required by Section 42 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (collectively, "Section 42");

E. As a further condition of the Allocation and pursuant to the requirements of the Program, Lessee and TCAC [have entered] [will enter] into a Regulatory Agreement, including any amendments thereto (the "Regulatory Agreement"), securing performance related to the Allocation, and governing the use, occupancy, operation, management and ownership of the Development. Consistent with the provisions of Section 17 hereof, Lessor and Lessee have agreed that the provisions of this Lease Rider govern the relationship between Lessor and Lessee with respect to the specific provisions of this Lease Rider.

F. In order to induce TCAC to make the Allocation, Lessor and Lessee have agreed to enter into and record this Lease Rider Agreement for the benefit of TCAC, its successors, and assigns; and

G. It is the intent of TCAC that TCAC will exercise its rights and remedies under this Lease Rider Agreement only after written notice of any Lease defaults have been provided to Lessor, any Senior Lender, the Tax Credit Partner, and any other party known by TCAC to have either an ownership or other equitable interest in the Development. In addition, it is the intent of TCAC that the exercise of its rights and remedies under this Lease Rider Agreement generally shall be undertaken as part of a judicial action in a court of competent jurisdiction unless Lessor and any Senior Lenders otherwise agree.

**NOW THEREFORE**, in consideration of the foregoing recitals and the mutual covenants hereinafter contained, TCAC, Lessee and Lessor hereby agree as follows:

1. Definitions and Lease Rider Term.

a. As used herein, "Leasehold" means all of Lessee's leasehold interest in the Property described in Exhibit A, pursuant to the Lease, together with all options

contained in the Lease or granted in connection with the Lease, all other rights of Lessee under the Lease, and all subleases entered into in connection with the Lease (the "Subleases").

b. For the purposes of this Lease Rider Agreement, "Lessor's current knowledge" means information known to Lessor based solely upon a reasonably diligent review of the Designated VA Representative's (DVR) contract file, but without any expectation or duty by Lessor to investigate, at the time of execution of this Lease Rider.

c. For the purposes of this Lease Rider Agreement, TCAC is deemed a "leasehold Mortgagee" as that term is used in the Lease and lessor's execution of this Lease Rider Agreement is deemed delivery for the purposes of Article 20. B.and C.1.

d. For the purposes of this Lease Rider Agreement, the holders of all mortgages and any other lenders approved by TCAC and all successors and assigns thereof including the holders of any mortgage lien against the Improvements or Lessee's interest in the Leasehold are collectively referred to as "Senior Lenders." For the purposes of this Lease Rider Agreement, TCAC is deemed a "Leasehold Mortgagee" as that term is used in the Lease and Lessor's execution of this Lease Rider Agreement is deemed to be Lessor's approval of TCAC as a Leasehold Mortgagee for purposes of Article 20.C and written notice of the name and address of the Leasehold Mortgagee. Lessor acknowledges that no Leasehold Mortgage will be delivered in connection with approval of TCAC as a Leasehold Mortgagee.

e. Lease Rider Agreement Term. This Lease Rider Agreement becomes effective on the date the TCAC Regulatory Agreement is recorded and remains in effect for at least the term of the Regulatory Agreement. Upon the expiration or sooner termination of the TCAC Regulatory Agreement, this Lease Rider Agreement shall terminate and be of no further force or effect.

2. Representations and Warranties of Lessor and Lessee. Lessor and Lessee hereby represent and warrant to TCAC as of the date of this Lease Rider Agreement as follows:

a. Title. (1) By Lessor: Lessor represents to TCAC that, to the best of Lessor's current knowledge, Lessor has jurisdiction and control over the Property which is described in and subject to the Lease. To Lessor's current knowledge, all existing easements and rights of way, whether or not recorded, have been disclosed to Lessee pursuant to Article 5, Paragraph A of the Lease. Lessee has agreed that any such easements and rights of way will not and do not interfere with Lessee's ability to complete construction of the Project and operate it for the term and in the manner agreed to in the Regulatory Agreement. A copy thereof is attached to this Lease Rider Agreement as Attachment .

(2) By Lessee: [If applicable, OPTION 1:] Lessee has entered into an agreement with \_\_\_\_\_ ("the Agreement") dated \_\_\_\_\_ for a loan of \$ \_\_\_\_\_ to further assist the Development which will be secured by \_\_\_\_\_, all as more fully described under the \_\_\_\_\_ Agreement. The \_\_\_\_\_ Agreement provides for \_\_\_\_\_ to be provided with a security interest as to the Development. Lessee warrants and represents that it [has provided/will provide] TCAC with a copy of the Agreement [which is subject to TCAC approval] [which previously was approved by TCAC] [and TCAC acknowledges receipt of such \_\_\_\_\_ Agreement] prior to execution of this Lease Rider Agreement.

[If applicable, OPTION 2]: Lessee has entered into one or more loan agreements ("the Agreement(s)") which will be secured as more fully described in the Agreement(s). Lessee warrants and represents that it [will provide/has provided] a true and correct copy of said Agreement(s) to TCAC as part of TCAC's placed in service review, for which the issuance of the IRS Form 8609 shall constitute approval.

b. Priority. Lessor represents to TCAC that, to the best of Lessor's current knowledge, the Lease is superior to any and all mortgage liens on the Property and, to the best of Lessor's current knowledge, nothing encumbers the Property which would interfere with Lessee's ability to construct and operate the Development on the Property.

c. Transfers by Lessor. Lessor represents to the best of Lessor's current knowledge that it has not assigned, mortgaged, or otherwise hypothecated or transferred, or agreed to assign, mortgage or otherwise hypothecate or transfer, its interest in the Property in whole or in part except for matters of record at the time of execution of this Lease Rider Agreement.

d. Status of Lease. Lessor represents that:

(1) Lessor is the current Lessor under the Lease. To the best of Lessor's current knowledge, the Lease is in full force, the Lease is not void, voidable or terminable as of the date hereof without an uncured default by Lessee, and to the best of Lessor's current knowledge, there has been no default thereunder on the part of Lessee nor has any event occurred which, with the giving of notice or the passage of time, or both, would be an event of default thereunder. Lessor has not given notice of any violation under the Lease to Lessee. Lessor has not been informed of and has not otherwise received notice from Lessee or from any other person or entity concerning any alleged default on the part of Lessor under the Lease. To the best of Lessor's current knowledge, there exist no defenses or offsets to enforcement of the Lease by Lessee.

(2) Any consent or approval of any third party (including any lender or government agency) that is required in order for Lessor to deliver this Lease Rider Agreement has been obtained.

(3) To the best of Lessor's current knowledge, no alterations, improvements or additions now exist on the Property that have not been approved by the Lessor.

e. Other Agreements. All terms and conditions of the Lessee's tenancy under the Lease are set forth in the Lease and Lessor and Lessee each certify to the best of its knowledge that there have been no other agreements and no further or other supplements, amendments, modifications or extensions thereof except those submitted to and approved by TCAC.

f. Lease Term. The date of the commencement of the Lease term is \_\_\_\_\_ and will end on \_\_\_\_\_ unless terminated sooner pursuant to its terms. All conditions precedent to the effectiveness of the Lease or the exercise of any of Lessee's rights thereunder at the effective date of the Lease have been fully satisfied.

g. Development. To the best of Lessor's current knowledge, the Improvements constructed, or to be constructed, by Lessee on the Property satisfy or are expected to satisfy all requirements affecting the design, use or characteristics of such Improvements imposed by Lessor under the Lease or otherwise, including a requirement by Lessor for Lessee to comply with any and all applicable provisions of federal, state and local laws, including but not limited to Title 24, California Code of Regulations, the "California Building Standards Code" in effect at the time the permits are issued, subject to any valid amendments by the City of Los Angeles (see CA Health & Safety Code Section 17958) and all agreements with any public entities concerning the Development, as amended from time to time. When lessor's approval is required for repairs, the consent will not be unreasonably or arbitrarily withheld or delayed.

h. Insurance. All notices, certificates, binders, endorsements, copies of policies, and receipts required under the Lease have been delivered to and approved by Lessor.

### 3. Cancellation, Transfer of Interest.

a. Subject to the rights of Senior Lenders and the Tax Credit Partner and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record, Lessor and Lessee agree that so long as TCAC, its successor or assigns holds the Regulatory Agreement encumbering the Development, no termination of the Lease or efforts by Lessor to terminate the Lease and no subordination, cancellation, surrender, amendment or modification of the Lease shall be effective without the prior written consent of TCAC, which consent shall be in TCAC's reasonable



discretion and may be conditioned upon the satisfaction of such terms and conditions not inconsistent with Lease as TCAC may reasonably prescribe. TCAC shall have 30 days after its receipt of such a notice and any clarifications thereof requested by TCAC to consent to or deny any such variation from those obligations. Failure by TCAC to act within such a 30-day period shall constitute consent to such a variation. Any attempt by Lessor to take such action shall be void without TCAC's prior written consent or implied consent as provided for in this Section 3.a. For the purposes of **the provisions of** this subsection, TCAC will be granted the same rights as granted a "Leasehold Mortgagee" pursuant to Article 20.D. of the Lease.

b. Subject to the rights of Senior Lenders and the Tax Credit Partner, the notice and consent provisions in Section 20(D)(1) of the Lease, and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record, Lessor agrees that it shall not transfer, convey, sell, hypothecate, assign, encumber or permit any liens against its interest, or any portion thereof, in the Property unless Lessor requires, and any purchaser, assignee, or transferee agrees, that the purchaser, assignee, or transferee will expressly assume all obligations of Lessor under the Lease and this Lease Rider Agreement.

c. Foreclosure. Nothing contained in this Lease Rider Agreement shall prevent a Senior Lender from foreclosing on its security interest or accepting a conveyance in lieu of foreclosure.

d. No Merger. There shall be no merger of the Lease or any interest in the Lease, nor of the Leasehold interest, with the fee estate in the Property if the Lease or such interest therein, or such Leasehold interest may be directly or indirectly held by or for the account of any person who shall hold the fee estate in the Property, or any interest in such fee estate, nor shall there be such a merger by reason of the fact that all or any part of the Leasehold interest created thereby may be conveyed or mortgaged in a leasehold mortgage, deed of trust, or other security instrument to a leasehold mortgagee that shall hold the fee estate in the Property or any interest of the Lessor under the Lease.

4. Consent to Assignment, Payment of Rent.

a. Subject to the rights of Senior Lenders, and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record, Lessor hereby consents to and approves the following, subject to the Lease and including such consents or approvals as are required under the Lease:

(1) Lessee's encumbering the Lease, the Leasehold by the Regulatory Agreement; possession of the Leasehold by TCAC or by a receiver under

the Regulatory Agreement; and sale of the Leasehold pursuant to a court order or other agreement enforcing the Regulatory Agreement;

(2) Assignments to TCAC or its designee of any subleases and any and all rents from such subleases; and

(3) Sale or assignment of all or any part of any interest in the Leasehold to any purchaser or transferee pursuant to a court order or other agreement enforcing the Regulatory Agreement (such purchaser or transferee, including TCAC, is collectively referred to as the "Transferee"), and to any subsequent transfers (all such assignments, transfers, and subsequent transfers referred to in this Lease Rider Agreement as the "Transfer").

b. Nothing in this Lease Rider Agreement, in the Regulatory Agreement or in the Lease shall impose on TCAC the obligations of Lessee under the Lease or require TCAC to assume the Lease unless TCAC takes possession or ownership of the Development pursuant to a court order or other agreement under the Regulatory Agreement, or becomes the lessee under the Lease or a Replacement Lease (defined in Article 20.F.2. of the Lease).

5. Notice of Defaults; Termination Notice.

a. Notice and Cure. Subject to the terms of the Lease, Lessor shall provide concurrently to TCAC a written copy of all notices and demands, including, without limitation, notices of default or breach which Lessor gives, delivers, or sends to a Leasehold Mortgagees pursuant to the Lease, and for the purposes of this subsection, TCAC will be granted the same rights as granted a Leasehold Mortgagee pursuant to Article 20.D. and 20.E. of the Lease.

b. Termination Notice. Subject to the terms of the Lease, after the expiration of the grace period given Lessee under the Lease to cure a default, Lessor shall give TCAC a written notice (the "Termination Notice") that Lessee has failed to cure the default within the grace period. Lessor shall not terminate the Lease, unless, after giving of such Termination Notice and after the expiration of the time afforded TCAC as a "Leasehold Mortgagee" to cure Lessee's default under Article 20.E. of the Lease (including any additional time which VA approves by written consent in its sole discretion) TCAC fails to remedy an uncured Lessee default. In the event the default results in the existence of an immediate or imminent serious health and safety threat to the residents or the public, Lessor may request TCAC to approve a shorter termination date which shall not be unreasonably denied. In addition, TCAC may waive its right to the period to cure if TCAC determines that it will not take action to effect a cure for the default. No Termination Notice shall become effective to terminate the Lease if:

(1) Except as provided in Section 5.c., within the applicable cure period under the Lease (including any additional time which VA approves by written consent in its sole discretion), TCAC cures all defaults which can be



cured by payment or expenditure of money or without possession of the Development; or provides reasonable assurance and undertakings for the cure of such default. To effect a cure of Lessee's default, TCAC may, subject to the rights of all Senior Lenders, make any repair or improvement, do any other act or thing required of Lessee under the Lease, or do any act or thing which may be necessary or proper to prevent termination of the Lease. TCAC and its agents and contractors, subject to the rights of all Senior Lenders, shall have full access to the Property and Improvements for purposes of accomplishing the curing of defaults under the Lease. Any of the foregoing done by TCAC shall be as effective to prevent a termination of the Lease as the same would have been if done by Lessee; or

(2) TCAC commences and diligently pursues judicial and/or administrative proceedings commenced under the Regulatory Agreement to cure a default.

(3) But if TCAC has not cured a default upon the expiration of such Termination Notice pursuant to Subsection (1) above or fails to commence and diligently pursue a cure pursuant to Subsection (2) above, and subject to compliance with other provisions of this Section 5.b. and any limitations on termination in the Lease, Lessor may terminate the Lease and pursue such other remedies as are available under the terms of the Lease.

c. Defaults Not Susceptible to TCAC Cure. TCAC shall not be required to perform any act which is not susceptible to performance by TCAC, such as to cure a filing or condition of bankruptcy or insolvency or to cure or commence the cure of any default which is Lessee's failure to pay or comply with any lien, charge or encumbrance which is junior in priority to the Regulatory Agreement, or to pay any amount owed under an indemnity of Lessor by Lessee based on an event occurring prior to TCAC's possession of the Development. If any such act not susceptible to performance by TCAC constitutes a breach under the Lease, Lessor may resort to any and all of its remedies for such breach under the Lease.

d. Reimbursement of Lessor's Payment of Arrears. Lessor agrees that if Lessor cures Lessee's failure to make any payment due under the Lease or any loan identified in Section 2.a., it shall seek reimbursement of amounts so paid solely from Lessee and TCAC shall have no obligation to pay such amounts to Lessor.

d. Waiver of Breach or Default. Subject to the rights of Senior Lenders, on transfer of the Leasehold interest pursuant to a court order or other agreement enforcing the Regulatory Agreement, all violations, defaults and breaches by Lessee under the Lease occurring prior to such transfer, including, without limitation, nonpayment of rent or other amounts payable under the Lease, shall be deemed personal obligations of Lessee, and TCAC or other Transferee shall be entitled to the Replacement Lease as described in Section 6 below without incurring or assuming any liability or obligation of, or claim against, Lessee under

the Lease. However, upon transfer of the Leasehold interest, TCAC or the Transferee, as applicable, shall be responsible for correcting all defaults in existence at the time of the transfer; Lessor may exercise its rights under Section 5.b. if TCAC or the Transferee fails to correct any such default within a reasonable time. Nothing in this section shall be deemed a waiver of any claim by Lessor, TCAC, or other Transferee against Lessee under the Lease.

f. Enforcement Not a Breach. Any action taken by TCAC to enforce its rights under this Lease Rider Agreement with respect to Lessee with respect to any of the documents governing the Allocation including, without limitation, any actions taken to collect any amounts due and owing to TCAC or any action to appoint a receiver for the Development or to otherwise ensure compliance with the Regulatory Agreement, shall not constitute or result in a breach or violation of the Lease.

g. Status Quo Ante. Any default by Lessee shall not prejudice TCAC if TCAC chooses to cure such default within the applicable grace period specified by this Lease Rider Agreement or the Lease, and Lessor acknowledges and agrees that upon TCAC's cure of any such default, the Lease shall be restored status quo ante.

6. Replacement Lease.

a. Conditions. Section 5 hereof notwithstanding, [and subject to the rights of Senior Lenders as provided in their security instruments,] Lessor agrees to comply with the requirements of Section 6.b. if the following conditions specified in this Section 6.a. apply:

(1) The Lessee's Lease or a Transferee's Replacement Lease is terminated for any reason whatsoever and TCAC or a subsequent Transferee acquires possession or ownership of the Development as a result of TCAC enforcing its remedies authorized by the Regulatory Agreement; and

(2) TCAC or other Transferee, whether or not such party has assumed the Lease, requests Lessor in writing pursuant to Section 6.b. to enter into a new lease (the "Replacement Lease") of the Property within ninety (90) days after TCAC or the Transferee takes possession or ownership of the Development either as a result of a court order or other agreement under the Regulatory Agreement. The Replacement Lease shall be at the rent of, and consistent with, the terms, provisions, covenants, options and agreements contained in the terminated Lease, or granted by the Lessor in connection with the Lease, all as modified or supplemented by this Lease Rider Agreement unless Lessor agrees to lower rent or less restrictive terms and conditions.

b. Obligations. If the conditions specified in Section 6.a. have been satisfied, [and subject to the provisions of matters of record and the rights of Senior Lenders in their security instruments,] Lessor shall:

(1) upon receipt of the request for Replacement Lease described in Section 6.a.(2) above, enter into a Replacement Lease of the Property with TCAC, its nominee, or its successor-in-interest or other Transferee, for the remainder of the term of the Lease, effective as of the date of the termination of the Leasehold or conveyance of the Development pursuant to a court order or other agreement under the Regulatory Agreement;

c. Priority. The Leasehold interest and any other interest (if any) in the Development granted to TCAC, its nominee or its successor-in-interest or other Transferee under this Section 6 shall be prior to any mortgage or other lien, charge or encumbrance on the Development created by Lessee, except for the liens of Senior Lenders and except for encumbrances created by Lessor pursuant to the Lease and matters of record at the time of execution of this Lease Rider Agreement.

7. Successors to TCAC. Subject to Section 4 hereof, if the Leasehold is transferred pursuant to a court order or other agreement enforcing the Regulatory Agreement, Lessor shall recognize the Transferee as the tenant under the Lease, subject to the liens of Senior Lenders. Subject to and in accordance with the Lease, the rights and benefits of TCAC under this Lease Rider Agreement shall benefit and may be exercised by any Transferee. The holder of any mortgage or deed of trust which may be given to secure a portion of the purchase price in any sale by TCAC or its successor(s) after TCAC acquires the Leasehold interest or enters into a Replacement Lease under this Lease Rider Agreement shall be entitled to rely on continuation of the same rights and benefits of TCAC under this Lease Rider Agreement.

8. Diligence of TCAC. So long as TCAC is prevented by any process or injunction issued by any court or by any statutory stay, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessor or Lessee, from commencing or prosecuting its remedies under the Regulatory Agreement or other appropriate proceedings in the nature thereof, or undertaking or completing any of TCAC's rights or remedies under the Lease or this Lease Rider Agreement, TCAC shall not be deemed for that reason to have failed to commence such proceedings or to have failed to prosecute diligently such proceedings, provided, however, that TCAC shall use reasonable efforts to contest and appeal the issuance or continuance of any such process, stay or injunction.

9. Certificates.

(a) Certificate by Lessor. Within fifteen (15) calendar days after written request made by TCAC, Lessor shall execute and deliver to TCAC, or to any proposed purchaser, transferee, or encumbrancer of Lessee's Leasehold interest, a certificate

declaring, to the best of Lessor's current knowledge at that time, (i) the existence and validity of the Lease, or Replacement Lease as the case may be, and amendments thereto, if any, and that such Lease or Replacement Lease remains in full force and effect; (ii) that all conditions under the Lease, or Replacement Lease, have been satisfied, and that there are no defaults under the Lease or Replacement Lease, or if there has been a default under the Lease or Replacement Lease, a description of the nature of such default; (iii) any other information relating to the condition of the Property reasonably requested by TCAC; and iv) that Lessor understands the recipient will rely on the certificate and that the Lessor will describe in reasonable detail any exceptions to the foregoing statements.

(b) Certificate by Lessee. Within fifteen (15) calendar days after written request made by TCAC, Lessee shall execute and deliver to TCAC, or to any proposed purchaser, transferee, or encumbrancer of Lessee's Leasehold interest, a certificate declaring to the best of Lessee's knowledge (i) the existence and validity of the Lease, or Replacement Lease as the case may be, and amendments thereto, if any, and that such Lease or Replacement Lease remains in full force and effect; (ii) that all conditions under the Lease, or Replacement Lease, have been satisfied, and that there are no defaults under the Lease or Replacement Lease, or if there has been a default under the Lease or Replacement Lease, a description of the nature of such default; (iii) any other information relating to the condition of the Property, Leasehold or the Development reasonably requested by TCAC; and (iv) that Lessee understands the recipient will rely on the certificate and that the Lessee will describe in reasonable detail any exceptions to the foregoing statements.

10. Notices. Notices and other communications required by this Lease Rider Agreement shall be delivered by messenger to the addresses provided below or sent by U.S Postal Service certified mail, return receipt requested, postage prepaid, addressed as follows:

**To TCAC:** California Tax Credit Allocation Committee  
915 Capitol Mall, Room 485  
Sacramento, CA 95814  
Attn. Executive Director

**To Lessor:** Department of Veterans Affairs  
Office of Asset Enterprise Management (044)  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420  
Phone: (202) 461-7778  
Fax: (202) 273-5585  
Attn: DVR

**With copies to:**

Department of Veterans Affairs  
West Los Angeles Medical Center  
11301 Wilshire Blvd.  
Los Angeles, CA 90073  
Phone: (310) 268-3132  
Attn: GLAHS Director

Department of Veterans Affairs  
Office of Asset Enterprise Management (044)  
810 Vermont Avenue, N.W.  
Washington, DC 20420  
Phone: (202) 461-8153  
Fax: (202) 273-9374  
Attn: Post Transaction Team Leader

Department of Veterans Affairs  
Office of General Counsel (RPLG)  
810 Vermont Avenue, N.W.  
Washington, DC 20420  
Phone: (202) 461-7612  
Fax: (202) 273-9384  
Attn: Chief Counsel (EU Leasing)

**To Lessee:**

Building 205 Preservation LP  
c/o Veterans Housing Partnership LLC  
c/o Communities for a Better Life  
660 S Figueroa St. Suite 1888  
Los Angeles, CA 90017  
Phone: (213) 797-4255  
Attn: Andy Meyers, Manager

**With Copies To:**

Shangri-La Construction  
27762 Antonio Parkway, L1-543  
Ladera Ranch, CA 92694  
Phone: (949) 226-2858  
Fax: (213) 265-3030  
Attn: Andy Meyers, Manager

Friendship for Affordable Housing, LLC  
5967 W. 3rd Street, Suite 102  
Los Angeles, California 90036  
Attention: Avi Ryzman



Hobson Bernardino + Davis LLP  
Citigroup Center  
444 S. Flower Street, Suite 3100  
Los Angeles, CA 90071  
Attn: Jason A. Hobson, Esq.  
Phone: (213) 235-9191  
Fax: (213) 235-9190

These addresses may be changed by a written notice given by any party hereto to the other parties in the same manner provided in this Section. Notices shall be effective on receipt.

11. TCAC's Rights Against Lessee. Nothing in this Lease Rider Agreement shall limit or restrict TCAC's rights and remedies under the Regulatory Agreement, or any other agreement between TCAC and Lessee.

12. Successors and Assigns. This Lease Rider Agreement shall inure to the benefit of and bind the successors and assigns of TCAC, Lessor and Lessee.

13. Uninsured Hazard. Subject to and in accordance with the Lease, Lessor agrees that neither TCAC nor any person acquiring the Development, or a portion of the Leasehold pursuant to a court order or other agreement enforcing the Regulatory Agreement, nor the lessee under a Replacement Lease pursuant to Section 6 hereof, nor any successive owner of a portion of the Development after such transfer or Replacement Lease shall have any obligation hereunder or under the Lease or Replacement Lease to repair or reconstruct any damage or loss to the Development which occurred prior to such transfer or Replacement Lease and which is due to a hazard not required to be covered by insurance under the Lease or Replacement Lease except to the extent TCAC, a lessee under a Replacement Lease, or such successive owner had notice of such damage and an opportunity to repair or reconstruct prior to such transfer or Replacement Lease.

14. Duty to Repair. Subject to and in accordance with the Lease, Lessor agrees that if TCAC, its nominee, or its successor-in-interest succeeds to Lessee's Leasehold interest in the Property and if the Development shall have been or becomes materially damaged before or after the date of such acquisition, TCAC's, its nominee's, or its successor-in-interest's obligation, if any, to repair, replace or reconstruct the Development shall in any such event be limited to the greater of: i) the amount of the net insurance proceeds received by TCAC, its nominee, or its successor-in-interest by reason of that damage or ii) the amount TCAC, its nominee, or its successor-in-interest would be entitled to if in compliance with the minimum insurance requirements of Lessee under the Lease.

15. Options. Lessor and Lessee agree that TCAC or its successor-in-interest or other Transferee, after its acquisition of the Leasehold, may exercise any option to extend the term of the Lease or Replacement Lease or to purchase any interest in the Property



which is granted to Lessee under or in connection with the Lease or the Replacement Lease.

16. Limitation on Liability. If TCAC agrees to be bound by the terms of the Lease, or in the event of any Transfer to a Transferee, then unless so ordered by a court or as agreed to by TCAC, any Transferee, and any secured creditors, neither TCAC nor Transferee shall have any obligation under the Lease or the Replacement Lease with respect to any liabilities, obligations, losses, damages, fines, penalties, claims, demands, suits, actions, causes of actions, charges, judgments, costs, and expenses (including architects' and attorneys' fees and court costs) arising out of or resulting from acts, omissions, circumstances or events occurring before or existing at the time of such Transfer or TCAC's agreement to be bound by the Lease or the Replacement Lease except for matters of record at the time of execution of this Lease Rider Agreement or any breach in existence at the time of acquisition of the Leasehold. Nothing in this Lease Rider Agreement or in the Lease or Replacement Lease shall impose on TCAC any liability to perform the obligations of Lessee under the Lease or Replacement Lease or require TCAC to assume the Lease or Replacement Lease unless and until TCAC acquires the Development pursuant to a court order or other agreement enforcing the Regulatory Agreement. After acquiring the Development in such a manner, TCAC shall be liable to perform Lessee's obligations only until TCAC assigns or transfers the Leasehold. TCAC shall not, however, be required to cure Lessee's defaults occurring before TCAC's acquisition of the Development in such a manner except that TCAC or the Transferee must cure any defaults in existence at the time of transfer within a reasonable period of time.

17. Conflict With Lease. This Lease Rider Agreement shall in no way subordinate the United States' (i.e., VA's) underlying fee interest in the Enhanced-Use Lease land and this Lease Rider Agreement shall at all times be subject and subordinate to the Lease and VA's rights contained therein except to the extent expressly provided in this Lease Rider Agreement. In the event of any conflict or inconsistency between the terms of the Lease and the terms of this Lease Rider Agreement, except for any term expressly excluded or modified by Section 21, the terms of the Lease shall govern and control. Notwithstanding the foregoing, nothing contained herein shall affect the rights of Senior Lenders or the Tax Credit Partner, nor shall anything contained herein subordinate the lien of any Senior Lender to any rights of TCAC hereunder.

18. Regulatory Agreement Remedies. Nothing in this Lease Rider Agreement is intended to create enforcement rights under the Regulatory Agreement that do not otherwise exist in the Regulatory Agreement.

19. Enforcement. Lessor agrees, that during the term of the Regulatory Agreement, TCAC shall have standing to enforce and preserve TCAC's rights under the terms of this Lease Rider Agreement and the Regulatory Agreement.

20. Subordination. Notwithstanding anything to the contrary contained elsewhere herein, the parties hereto hereby agree that this Lease Rider Agreement (and all

amendments, modifications and supplements hereto) is hereby irrevocably and unconditionally made subject and subordinate in all respects to (a) all existing and future deeds of trust and mortgages approved by TCAC now or hereafter encumbering all or any part of the Lessee's right, title and interest under the Lease (and to all amendments, modifications and supplements thereto), and (b) all rights granted to any holder of any such deed of trust or mortgage under any term or provision of the Lease. Each existing and future holder of any such deed of trust or mortgage (all of whom shall also constitute "Senior Lenders" for all purposes of this Lease Rider Agreement) is hereby made an express third-party beneficiary of the foregoing sentence. [Optional: TCAC hereby approves [insert references to existing or concurrently recorded deeds of trust and mortgages encumbering the leasehold].].

21. Additional Provisions. [intentionally left blank]

22. Acknowledgment. Lessor and Lessee acknowledge that TCAC is relying on the foregoing representations, warranties, covenants and agreements of the undersigned in allocating the allocation of low income housing tax credits to Lessee, and warrants and affirms to and for the benefit of TCAC that each of their respective representations set forth herein is true, correct and complete as of this date.

**TCAC:**

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE, a public agency of the State of California

BY: \_\_\_\_\_

Judith Blackwell  
Executive Director

**LESSOR:**

**LESSEE:**

**EXHIBIT A**  
Legal Description

**ASSIGNMENT AND ASSUMPTION AGREEMENT  
OF THE ENHANCED-USE LEASE  
OF CERTAIN REAL PROPERTY AND FACILITIES  
AT THE VA GREATER LOS ANGELES HEALTHCARE SYSTEM  
WEST LA CAMPUS  
LOS ANGELES, CALIFORNIA  
BY AND AMONG BUILDING 205 HOLDINGS, LLC,  
BUILDING 205 PRESERVATION, LP, AND THE UNITED STATES DEPARTMENT  
OF VETERANS AFFAIRS**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment"), is made and entered into as of June 2, 2020, by and between Building 205 Holdings, LLC, a California limited liability company ("Assignor"), Building 205 Preservation, LP, a California limited partnership ("Assignee"), and the United States Department of Veterans Affairs ("VA") for consent to the Assignment only.

**RECITALS**

A. Assignor and VA entered into an Enhanced-Use Lease of Certain Real Property and Facilities at the VA Greater Los Angeles Healthcare System, West LA Campus, Los Angeles, California dated December 2, 2019, as amended by that certain Amendment #1 to the Enhanced-Use Lease dated June 2, 2020 (the "Lease") under which Assignor agreed to finance, design, develop, renovate, construct, operate, and maintain affordable residential housing consisting of not less than 68 units and associated vehicular parking spaces (collectively, the "Facility" as defined by the Lease), all for the purpose of providing supportive housing to eligible Veterans and their families and perform such other duties and obligations as set forth in the Lease.

B. Assignor via this Assignment desires to assign to Assignee all of Assignor's rights, duties, and obligations under the Lease.

C. Assignee via this Assignment desires to assume all of Assignor's rights, duties, and obligations under the Lease.

D. Any terms used herein that are not defined shall have the meanings assigned to such terms in the Lease. The Recitals shall be considered part of this Assignment.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Assignment. In accordance with Paragraph 19 of the Lease, Assignor does hereby grant, convey, transfer, assign, set over, and deliver to Assignee, all of its rights, title, interests, duties, and obligations under the Lease.

2. Assignee's Assumption. Assignee does hereby assume the Lease from Assignor. Assignee agrees to comply with all of the duties, covenants, conditions, obligations, liabilities,

terms and conditions contained in the Lease and agrees to duly perform and abide by all of the Assignor's duties, covenants, conditions, obligations, and liabilities therein.

3. VA's Consent. VA, in its capacity as the lessor under the Lease, and for its successors and assigns, hereby consents to this Assignment pursuant to Article 19.B of the Lease. This consent will not be deemed consent to any further assignment or approval and nothing in this consent shall constitute or be construed to waive any rights, claims, or actions that VA may have or may acquire in the future relative to the Property or the Facility. The parties acknowledge that (i) VA's execution of this Assignment is for consent purposes only, and (ii) this Assignment creates no obligation or liability of VA.

4. Further Actions. Each of the parties hereto covenants and agrees, at its own expense, to execute and deliver, at the request of the other party hereto, such further instruments of transfer and assignment and to take such other action as such other party may reasonably request to more effectively consummate the assignments and assumptions contemplated by this Assignment.

5. Governing Law and Amendments. This Assignment shall be governed by and construed under the laws of the United States and to the extent that such laws do not apply, then to the laws of the State of California. Such laws shall be binding upon the successors and assigns of the Assignor and the Assignee and may not be modified, amended or assigned without the prior written consent of the parties hereto.

6. Lease Terms Not Amended. Nothing herein amends the terms and conditions of the Lease, and in case of any conflict between any provisions of the Lease and any provisions of this Assignment, the Lease will control.

7. Representations and Warranties. The Assignor and Assignee hereby represent, warrant and covenant to VA that:

- a. The Assignor and Assignee's signing and delivery of this Assignment has been duly and validly authorized by all necessary action on the part of the Assignor and Assignee.
- b. All actions, approvals, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, rights and licenses required under Applicable Law that are necessary in connection with the Assignor and Assignee's signing and delivery of this Assignment have been duly taken, given or obtained, as the case may be, are in full force and effect, are not subject to any pending proceedings or appeals (administrative, judicial or otherwise) and either the time within which any appeal therefrom may be taken or review thereof may be obtained has expired or no review thereof may be obtained or appeal therefrom taken.
- c. This Assignment has been duly signed and delivered by the Assignor and Assignee and, assuming due authorization, signing and delivery by the Department, constitutes a valid and binding obligation of the Assignor and Assignee.

8. Counterparts and Execution. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one of the same document.

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, this Assignment has been duly executed by Assignor and Assignee and consented by the VA as of the date first set forth above.

**ASSIGNOR:**

BUILDING 205 HOLDINGS, LLC, a California limited liability company

Veterans Housing Partnership, LLC, a California limited liability company

By: [Signature]

Name: Andrew Meyers Abdul-Wahab

Its: Manager

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

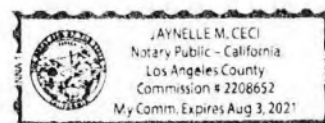
STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF Los Angeles )

On May 29<sup>th</sup>, 2020 before me, Jaynelle M. Ceci, a Notary Public, personally appeared Andrew Meyers Abdul-Wahab, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Jaynelle M. Ceci  
Notary Public





**THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS  
ENHANCED-USE LESSOR**

By: C. Brett Simms

Name: C. Brett Simms

Title: Designated VA Representative,  
Pursuant to a delegation of authority dated: December 17, 2019

STATE OF MARYLAND )

)

COUNTY OF MONTGOMERY )

I, the undersigned, a Notary Public in the State of Maryland, County of Montgomery, hereby certify  
that C. Brett Simms as the U.S. Department of Veterans Affairs Designated Representative did sign  
the foregoing instrument this 02 day of June, 2020

[Signature]

Notary Public



DENNES KIM  
NOTARY PUBLIC STATE OF MARYLAND  
COUNTY OF MONTGOMERY  
My Commission Expires Nov. 9, 2023

My commission expires: 11/09/23